Nation's Business

A USEFUL LOOK AHEAD

JULY 1966



How he's building his own Party



Why he's for a new capitalism in America



Where he sees seduction in Washington

Should rich kids get handouts?

How to say a few words

You get twice the traction of ordinary pick-ups with 4-wheel drive 'Jeep' Gladiator.



You reach the back forty with your new fence (even over roughest terrain) in your 'Jeep' Gladiator with 4-wheel drive. It has twice the traction of ordinary pick-ups... takes you wherever the job is. Out on the highway, when it turns wet and slippery, 'Jeep' 4-wheel drive takes hold with the same extra "grip" that takes you off the road through deep mud, sand or snow. Outfit your Gladiator as you want it: hot new engines—250 hp V-8 or Hi-Torque 6; standard or custom cab and trim; choice of colors; full width or bucket seats; 7 or 8 foot box; flat bed or stake with dual wheels; GVW's 5000 to 8600 lbs.; 3 power take-off points; 3 or 4 speed transmission with standard shift. Or, Turbo Hydra-Matic* automatic transmission. (It's the only pick-up offering automatic transmission with 4-wheel drive.) Test drive it today! KAISER Jeep CORPORATION TOLEDO 1, OHIO

*TRADEMARK GENERAL MOTORS CORPORATION

You've got to drive it to believe it. See your 'Jeep' dealer. Check the Yellow Pages.

Yellow Pages advertising is bad news.

For your competition



Action-People find it here first-fast.
Let your fingers do the walking.

Nation's Business

July 1966 Vol. 54 No. 7

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,750,000 companies and professional and business men
Washington, D.C.

7 WASHINGTON: A LOOK AHEAD

Tax cut—not boost—talk is back; it's Nixon vs. Johnson in November's campaign windup; Walter Reuther comes back

14 EXECUTIVE TRENDS: Finding hidden persuaders

Don't overlook possibility that you may be missing many customers already within range; summer training steps up

19 WASHINGTON MOOD: The '66 election

When voters feel computerized and out of touch with their government, they don't go for hope and nostalgia politics

23 STATE OF THE NATION: Not as good as gold

The present jungle of politically managed currencies in the world gives the advantage to the communist barter system

27 RIGHT OR WRONG: Federal safety lullaby

The current auto safety campaign is like trying to correct the drunken carpenter's work by redesigning his hammer

31 How Washington would remake the map of the U. S.

The idea is to set up regional bodies to plan the economic and social development of communities all over the nation

34 We need a new capitalism in America

Michigan's Governor, George Romney, explains how more citizens can benefit from a return to economic good sense

36 Should rich kids get handouts?

A much-heralded, billion-dollar package of school aid is missing the mark of aiding the poor in many parts of U. S.

38 RFK: How he's building his own party

Will Robert Kennedy challenge LBJ for the Presidency in 1968? Veteran Washington observer tells what he's up to

40 LESSONS OF LEADERSHIP: Expanding with confidence
Pioneer retail executive Fred Lazarus tells how he built Federated Department Stores into billion-dollar business

44 BUSINESS: A LOOK AHEAD
Rising threat to crops from imported pests; conversion of coal to gas; stiffer competition in basic building materials

54 Government tightens the red tape noose
Washington may talk of defoliating the "Paperwork Jungle" but forms, directives and rules still choke business' path

62 Coming: Fantastic anti-riot devices
An industry is being created that will give law enforcers effective and startling ways to control and disperse mobs

68 Seduction by statistics
Senator Dirksen charges the Administration with combining figure-fiddling with data juggling to churn out mirages

78 Where markets and manpower will change
By 1975, U. S. population will be up more than 16 per cent: this article tells how age groups will shift within states

80 How to say a few words
It is an invaluable skill to state facts, inspire listeners to action in a brief speech; so stand up, speak up and shut up

92 A new independence
Just 190 years ago we claimed the right to life, liberty and the pursuit of happiness; but these words have been twisted

Nation's Business is published monthly at 1615 H St. N.W., Washington, D. C. 20006. Subscription rates: United States and possessions $19.75 for three years; other countries $10 a year. Printed in U.S.A. Second class postage paid at Washington, D. C., and at additional mailing offices. © 1966 *by Nation's Business—the Chamber of Commerce of the United States. All rights reserved.* Nation's Business is available by subscription only. **Postmaster:** please send form 3579 to 1615 H Street, N.W., Washington, D. C. 20006

Editorial Headquarters—1615 H Street N. W., Washington, D. C. 20006

Advertising Headquarters—711 Third Avenue, New York, N. Y. 10017

Circulation Headquarters—1615 H Street N. W., Washington, D. C. 20006

Editor
Jack Wooldridge

Managing Editor
Tait Trussell

Associate Editors
Paul Hencke
Theodore D. Drury
Jeffrey S. O'Neill
Vernon Louviere
John R. Gibson
Walter Wingo
John Costello
Robert W. Irelan

Contributing Columnists
Felix Morley
Peter Lisagor
Alden H. Sypher

Art Director
Ralph Patterson

Associates
Harold Baskin
Norman W. Favin
Joseph W. Swanson

Adm. Assistant
Mary W. Davis

Business Manager
William W. Owens

Advertising Director
Herman C. Sturm

Circulation Manager
John C. Loest

Production Manager
W. Lee Hammer

Industry Thrives in a City



Settled 400 Years Ago

In Pensacola, Florida, business and industry are booming amid a rich historical tradition that stretches back to 1559 when Europeans founded a settlement—probably the first in North America.

Endowed with an ideal climate, beaches, port facilities, pure fresh water, skilled workers and Gulf Coast location, Pensacola offers industry a rare combination of resources. American Cyanamid, for example, operates one of the world's most modern synthetic fiber-producing plants there. The 800-employee facility is now in its third expansion since 1958.

Keeping step with the march of industry, Pensacola's people are thrusting ahead with new schools, recreational facilities and services such as the 360-bed Baptist Hospital. This expanding hospital complex has most recently created a remarkable rehabilitation center which speeds more than 1,000 patients a month toward recovery.

Pensacola's progress is typical of cities and towns throughout the 120,000-square-mile area served by The Southern Company system. Contributing to this growth is the ample, low-cost electric power supplied by our companies.



▲ **The "Fiesta of Five Flags"** recalls the colorful history of Pensacola's 400 years under five different flags. Here, a local leader portrays Don Tristan de Luna, the Spaniard who founded Pensacola in 1559 (destroyed two years later by hurricane). Men who have figured in Pensacola's rich history include President Andrew Jackson, Apache Chieftain Geronimo, and Jean LaFitte, the French freebooter.

▼ **The Hubbard Tank,** used primarily for relaxation of muscles and underwater exercise, is typical of the modern equipment used in Baptist Hospital's outstanding rehabilitation center. The center offers physical, psychological and occupational therapy as well as special services to correct speech and hearing disorders.



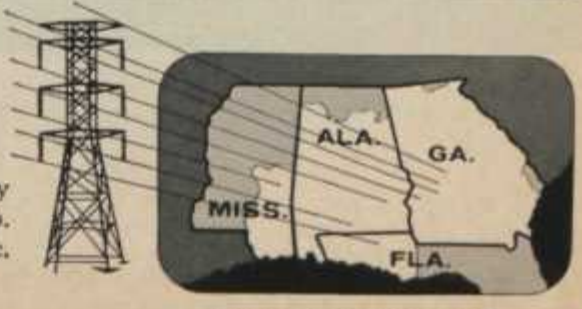
◀ **A research assistant tests fibers** for dye properties on a sample beaker dyeing machine at American Cyanamid's Santa Rosa plant near Pensacola. This plant, Cyanamid's only producer of Creslan® acrylic fiber, has an annual payroll of $6 million.

THE SOUTHERN COMPANY

ATLANTA, GEORGIA • BIRMINGHAM, ALABAMA

Alabama Power Company
Georgia Power Company
Gulf Power Company

Mississippi Power Company
Southern Electric Generating Co.
Southern Services, Inc.



TAX-PAYING • INVESTOR-OWNED

POWER FOR PROGRESS

Duplex tires get rid of a lot of unnecessary weight and turn it into payload.

Which, after all, is where you make your money.

Duplex tires save as much as 300 pounds per axle compared to duals. Because they have 11 fewer parts per wheel position than duals.

Duplex tires cut your inventory costs, too. After all, you have 11 fewer parts per wheel position to buy. And stock. And lose money on.

Duplex tires also cut fuel costs by as much as 10%. They roll that much easier than duals. Right past the fuel pumps.

Duplex tires even help you get longer brake life. Drums get more air exposure, run cooler. And that makes linings —and maintenance budgets—last longer, too.

The next step? See the tire experts at your nearby Firestone Dealer or Store. They have all the facts about Duplex tires—including the low cost Duplex Changeover Plan. They'll also help you specify Duplex tires on your new trucks.

MEMBER ATA AMERICAN TRUCKING INDUSTRY

Duplex®



Firestone

DUPLEX

WASHINGTON: A LOOK AHEAD

You're beginning to hear an upswing in talk about a **tax cut.**

Tax cut, that's right. Responsible talk, from economists and officials. In Washington, in New York, other business centers. A feeling that conditions are moving toward a cut next year or so.

This is no pell-mell rush for an irresponsible cut. Nor is it wishful thinking. It's more the result of a sniffing of the winds by seasoned trend-watchers—economic, political, global winds.

There's still lots of hard-core tax increase sentiment around, to be sure. An acceleration in war production or other inflationary hypo could force a postelection increase on the country.

Tax increase talk for now, however, is mostly a useful threat for President Johnson to brandish in his attempts to slow inflation and thus avoid a tax boost before Election Day. Stuttering auto production seems to have assured his tax victory.

Businessmen—no question about it—are cooperating with LBJ on prices, albeit grumpy from arm-twisting. But astronomic demands by union bosses often undercut the effort.

Government, it seems clear, will get plenty of money from booming business and prosperous citizenry to pay for even a modest step-up in Viet Nam outlays during 1967 fiscal year, starting this month. Prestigious staff of Congress' Joint Committee on Internal Revenue Taxation estimates federal income over $10 billion more than LBJ's men had expected.

Add to this a belief that the boom may flatten a bit after defense production pressures hit their peak in a few months. No recession but an easing in rates of growth.

Lump in also a growing familiarity of the nation with the Asian fighting. Nobody likes the war but Congress, business, the people are getting used to it. Sort of a permanent condition. The uncertainty in many minds is "What happens to the economy when the war ends?" rather than "How do we cope with today's war?" This leads to tax-cut thinking.

A big danger, of course, is the Big Government bloc that wants to use rising revenues to step up federal spending, thus stirring inflationary fires.

Jittery G. O. P. politicians pull back from grandiose forecasts of Congressional election gains in November.

Sen. Dirksen's $100 bet that Republicans will gain 70 seats in the House of Representatives still stands. Other party bigwigs have talked about 40 or 50.

"But I wish they'd predict gains of only 20 or 25," now complains one Capitol Hill Republican, "so we'd still look good if we get less than a landslide."

Republicans count heaviest on defeating Democrats who rode into office from traditionally G. O. P. midwest states on LBJ's coattails in 1964. Republican Congressional Campaign Committee banks $1 million-plus for aid to G. O. P. candidates challenging incumbent House Democrats.

It'll be Nixon vs. Johnson in October. The former Vice President tells campaign planners he'll speak wherever he's asked to the last five weeks of the campaign. He'll be biggest Republican gun. Ike's retired; Scranton vows he'll never run again; Romney and Rockefeller have own re-election problems; Goldwater's following is limited.

Walter Reuther's influence will hit you and Washington much harder in months ahead.

Not just in decibels, either.

The auto workers' union boss has always

talked loudly. But his prickly personality, left-of-center ideas have narrowly limited his effectiveness. Now he's union labor's comeback kid.

You may feel Reuther's impact first via your white-collar employees. His United Auto Workers aims to unionize them, despite widespread evidence these office workers are cool to unionization. Other unions have tried and failed.

Auto prices almost certainly will get a shove upwards next year from wage demands of Reuther's union. LBJ's 3.2 per cent wage increase guidepost won't even rate a tip of the hat. Reuther also wants production workers paid a regular salary, erasing a surface difference between them and white-collar workers. He sniffs at rank and file's pressure for shorter workweek, however, and calls for a $200 cut in all new car prices.


Reuther

He wins unfamiliar toga of statesmanship in AFL-CIO by ending feuds with rival union nabobs. Reuther swaps speeches with Steelworkers' new president I. W. Abel, turns flattery on Roy Siemiller of Machinists, who often face opposition from auto workers in unionizing aerospace companies.


Abel

Even a Jimmy Hoffa downfall from Teamsters' leadership could boost Reuther. Reuther is close to Harold Gibbons of St. Louis who has an outside chance to get Teamsters' control.


Hoffa

All this inflates Reuther's political influence. His alliances show he speaks for more than just himself. Election of his old chum G. Mennen Williams as Senator from Michigan would be another political plum.

Footnote: Reuther's auto union quietly paid $350,000 recently to settle a 14-year-old suit against it by Benton Harbor (Mich.) Malleable Industries for damages caused by wildcat strikes. (See "Union Tactics Stall Justice 13 Years" in Nation's Business, October 1965.)

New farm legislation raises worries for farmers, commodity traders, consumers.

Congress seems sure to pass shortly the Administration's so-called world War on Hunger program. Basically, it would let Washington plan farm production so we'll have enough to give or sell on easy terms to food-short countries abroad. Now, our giveaways are limited by surpluses over our own needs.

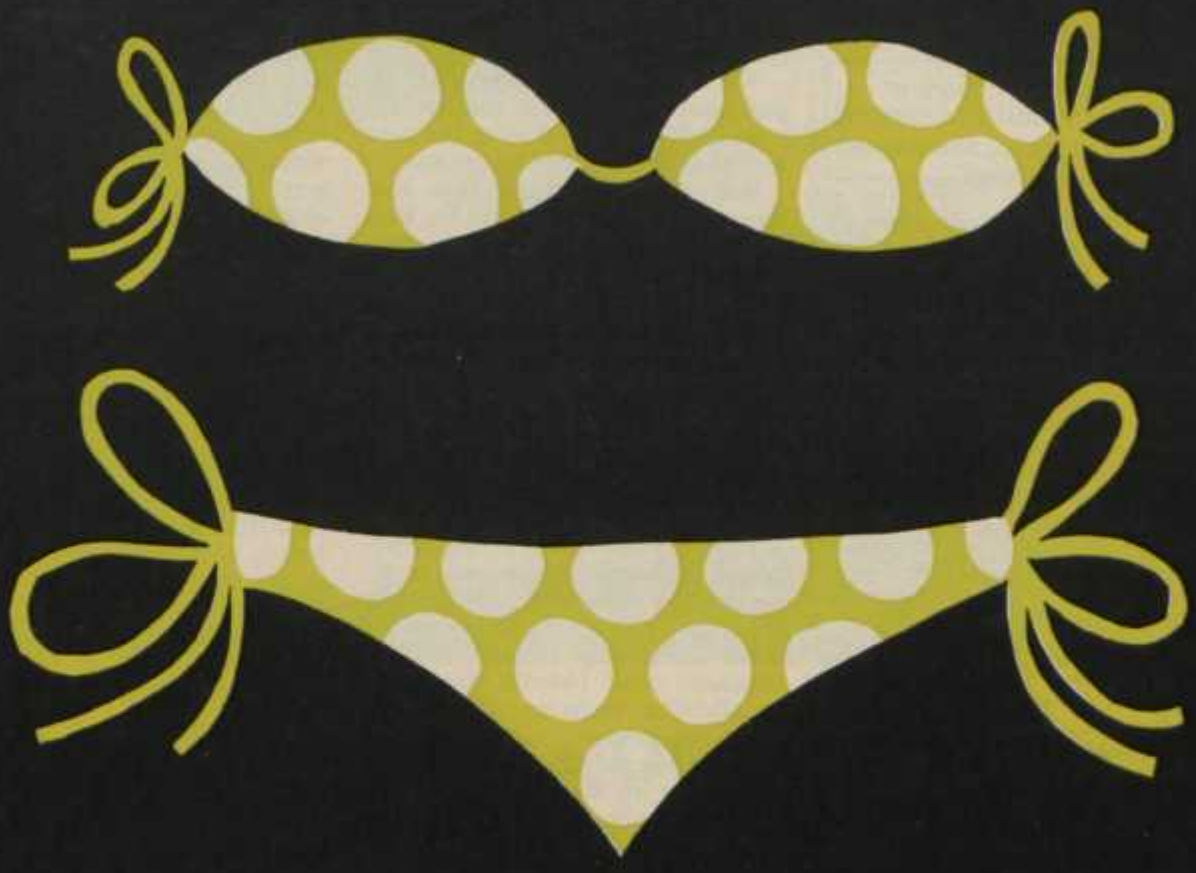
Everyone likes the humanitarian aim: Feed the world's hungry. But many fear the added power it gives the Government over farmers. Influential American Farm Bureau Federation lines up votes for curb on Agriculture Secretary's power to fix low prices by dumping wheat, corn, soybeans, other stocks.

Robert L. Martin, chairman of Chicago Board of Trade, world's largest commodity market, foresees "a danger of creating a new surplus because of the lack of facilities to handle and transport" more commodities for overseas markets.

Useful new publication: Chicago Board of Trade publishes a "Commodity Trading Manual" designed as a working text on commodity trading for businessmen, bankers, farmers, traders, students. Write the Board at 141 W. Jackson Blvd., Chicago. Price: $15.

New service in Washington: If you want to export or already do, the U. S. Commerce Department will put your name in its computer for matching with trade leads that come in from abroad. Around 20,000 already have, though the system just started working last month. If you're seeking a distribution system overseas, the computer will match you up with other U. S. companies that may be interested in handling your product.

How to fly 200 wild bikinis from Chicago to Miami for less than $13.70:



Air Express them for $9.90.

We've said it before and we'll say it again: if you ship from 5 to 50 pounds anywhere in the U.S., you're missing a bet unless you check Air Express.

For proof just compare the air freight rate above with Air Express. Among air cargo services, Air Express is always quickest and often lowest in cost. Frequently less than surface.

What's more, Air Express can deliver by sunset tomorrow to any one of 21,000 U. S. cities. Packages are picked up within 2 hours of your call. And they get top priority on all 39 scheduled airlines after airmail.

On the ground, thousands of delivery trucks speed deliveries between you, the airports and your customers.

So whether it's bikinis, missile parts or electronic tubes, get in the swim. Easy as calling your local REA Express office. One more point to remember: there is only one Air Express.

Air Express outdelivers them all... anywhere in the U.S.A.

Air Express
Division of REA Express

Only man can make a tree... PROFITABLE

New plywood industry joins paper to turn more Middle South trees into profits

AS REPORTED IN THE MAGAZINE
THE CHANGING MIDDLE SOUTH
(Arkansas, Louisiana, Mississippi)

Color the commercial forests green on a map of Arkansas, Louisiana and Mississippi . . . dollar-bill green . . . and you'll find you've tinted 61 per cent of the total land area that lovely color.

Recently born of research, plentiful raw materials and industrial sagacity, Southern pine plywood shows promise of becoming the new giant of the Middle South wood products industry. Since the first mill of this new industry went into operation in early 1964, 15 additional plywood mills have been constructed or announced in Arkansas, Louisiana and Mississippi. Their combined annual capacity will be more than 1.3 billion square feet.

Thus, Middle South research finds new profitable uses for the timber not needed by the billion-dollar pulp and paper industry . . . also rapidly growing. (Three major paper companies announced plans in 1965 to invest more than $275 million for new construction in Mississippi.)

Middle South men make trees more profitable than most.

The award-winning quarterly magazine
THE CHANGING MIDDLE SOUTH
reports on people and profits, recreation and cultural opportunities in the Middle South.

Send for your FREE copy:

MIDDLE SOUTH SERVICES, INC.
225 Baronne Street, NB-3
New Orleans, La. 70160

Name_____

Company_____

Address_____

City_____ State_____ Zip No._____

THE MIDDLE SOUTH UTILITIES SYSTEM
ARKANSAS POWER & LIGHT COMPANY, LITTLE ROCK, ARK.
LOUISIANA POWER & LIGHT COMPANY, NEW ORLEANS, LA.
MISSISSIPPI POWER & LIGHT COMPANY, JACKSON, MISS.
NEW ORLEANS PUBLIC SERVICE INC., NEW ORLEANS, LA.

Business opinion:

Will Congress kill Main Street, or won't it?

To the Editor:

I read "Will Congress Kill Main Street?" [May].

We operate a medium-size department store. We employ between 175 and 200 during the year and up to 325 prior to Christmas.

Our minimum wage rate rose from $1 an hour to $1.15 in September 1964, and to $1.25 in September 1965. We did not think we could justify paying qualified personnel, who had been with us for years, at the same rate the law required us to pay our newly hired. Consequently, within a few weeks after each increase of our minimum, we raised the hourly rate beyond the minimum for all qualified older employees in point of service.

Twenty-seven of our present year-round employees are on social security. The dollar amount of their earnings is limited regardless of their hourly rate. Increasing their minimum wage benefits them only by allowing them to work fewer hours in a year.

Each time our minimum increased we had to decide whether to hire others to work the extra hours or to replace the older workers entirely. This was a most difficult decision.

Our alternative was to install self-service.

If another minimum wage increase includes stores of our size and if shopping centers continue to proliferate, many smaller retailers will be forced to quit operating.

ARTHUR M. COOPER
General Manager
Chatlins Department Store, Inc.
Norristown, Pa.

To the Editor:

Your article is an excellent example of a one-sided argument which could have been a real contribution to the subject of minimum wages.

Nowhere in it is there even a hint that increased wages become purchasing power. Are we to assume that employees bury their extra money?

If the farmers around Cleburne, Texas, have a good cotton crop, Joseph Chastain's store will have an increase in sales. Won't he get a lift from retail store employees who have more money to spend?

We learned at Harvard Business School that a one-sided report invariably resulted in an "unsatisfactory" grade, which this article should receive.

LARRY A. HART
Home Furniture Co.
Dallas, Texas

To the Editor:

"Will Congress Kill Main Street?" [May] is appreciated for the candid look at the possible consequences of a new minimum wage law.

However, the assumption that the Lintz Store's sales volume will remain the same in 1969 as in 1964 seems unrealistic. It would seem to me that an increased sales volume must be projected. It is my opinion that the store's 1.19 per cent loss, projected for 1969, is therefore misleading.

THERON WELDY
Phoenix, Ariz.

Detroit demurs

To the Editor:

The editorial in your March 1966 issue implies that the Detroit Common Council feels that the urban renewal is "a lemon."

Let me assure you that nothing could be further from the truth.

If our resolution was critical of the program, it was merely an attempt to make a fine program even better.

We feel that bad timing has caused unnecessary hardships for some relocatees, and we feel that acquisition procedures should be streamlined so that these hardships are avoided.

EDWARD CAREY
President
Common Council
Detroit, Mich.

"Why cars are . . . safer"

To the Editor:

Detroit, in spite of all the research that it has done, has never put a safe car on the road to this date.

Anyone desiring a safe car has to go outside the American production



If you've got a business that's prospering, you've got an estate that needs protecting.

As your business interests prosper, you will probably find that your personal financial worth is much greater than you realize. Take time to add up all you own: your share of company assets, your cash, securities, life insurance, home, car and other valuable possessions.

Now here's the key question: how much of this would go to your heirs? Under some circumstances, maybe all of it. There is a point, however, where estate taxes and final settlement costs can make a severe dent in what you leave. But your New York Life Agent can work out a plan with you to *prevent* "estate shrinkage."

He's qualified by training and experience to help in such matters. He'll show you how your family can have guaranteed funds to meet debts and taxes, without having to lose part of their inheritance. So put your business sense to work at home—make sure your wife and children inherit all you want them to have. Call your New York Life Agent soon, or write: New York Life Insurance Company, Dept. NB7-6, 51 Madison Avenue, New York, N.Y. 10010.

NEW YORK LIFE

Life Insurance • Group Insurance • Annuities
Health Insurance • Pension Plans







North...East...South...West a Dixisteel building will serve you best

No matter where you want a building located... no matter what type of building you want... your Dixisteel building dealer can supply your needs.

He will help you select a building from more than 3,000 basic designs that will: 1) look custom built; 2) save you money because it is pre-engineered and pre-fabricated; 3) meet building codes; 4) have the extra measures of quality that have made Dixisteel buildings America's fastest growing line of modern steel structures.

TWO PLANTS TO SERVE YOU: TALLAPOOSA, GA. - HANNIBAL, MO.

db dixisteel buildings
ATLANTA, GEORGIA

A subsidiary of Atlantic Steel Company

CONSULT THE YELLOW PAGES — OR MAIL THIS COUPON

Dixisteel Buildings, Inc. 219
P. O. Box 1714, Atlanta, Ga. 30301

☐ Please send me complete information on Dixisteel Buildings
☐ I am interested in a dealer franchise

Name_____
Address_____
City_____ State_____ Zip_____

SOME DEALER FRANCHISES STILL OPEN

Business opinion:

market and buy a Rover-2000, Mercedes, Volvo, Porsche or even the lowly Fiat 1100.

I consider the Rover-2000 the safest car to be had today.

HORACE E. CAMPBELL, M.D.
Chairman, Automotive Safety Committee
Colorado Medical Society
Denver, Colo.

To the Editor:

Congratulations on your article, "Why Cars Are Getting Safer" [May].

In the midst of all the demagogic gyrations on the subject, your article does much to restore a balanced view of the problem.

REED LARSON
Falls Church, Va.

To the Editor:

Your article is excellent. It attacks the "car" angle. The other two are evidently "highways" and "vehicle operator."

The operator appears to be the most difficult to control.

JOSEPH H. WEBSTER
General Agent
Pacific National Life Assurance Co.
San Francisco, Calif.

Ban Nation's Business?

To the Editor:

You confuse me with the article, "Weird Warriors in War on Poverty" [May].

I can understand the objections against paid poverty workers who are admitted subversives, who are incompetent or whose acts defy the law of the land.

I can't understand why poverty workers are "bad" if they criticize our nation's policies. If government criticism is out—than perhaps your magazine ought to be banned.

WALTER L. KIRCH, Jr.
East Rockaway, N.Y.

Praises Harvard series

To the Editor:

Congratulations on the "Pattern for Success" series re-creating Harvard University's Advanced Management Program.

Reading the series has given me a renewed sense of the challenge of American business. You have successfully shown that business affects, and is affected by, all aspects of modern life—political, technical, economic and social.

Knowledge and understanding of this relationship is vital to all Americans in sustaining our current level of achievement and making continued progress in the future.

EDWARD R. MLECZKO
Cicero, Ill.

If you're in the habit of renting a Chevrolet on business trips, you already know it's the kind of car worth asking for. If you're not in the habit, ask for one anyway.

(That's the quickest way to get the habit.)



Chevrolet Impala Convertible—the trunk has 20 cubic feet of space for luggage, sample cases and most anything else you want to take along.

Chevrolet's loaded with features you'll want to call back for an encore. Take comfort. The quiet Jet-smoother ride is just the beginning of it. Body by Fisher interiors are commodious, the seats thickly padded for relaxation. Take V8 power. It responds the way you like it. Take safety features. Every new Chevrolet's got eight standard ones, including padded instrument panel and sun visors. Take a luxurious Chevrolet next time you rent a car. You couldn't ask for a more satisfying habit to get into.

GM

Chevrolet Division

Chevrolet—worth asking for CHEVROLET

Here are 3 ways to reduce your maintenance expenses by 33%



RED CARPET SERVICE

Dust-Tex entry carpets are chemically-treated to hold dust, dirt and water from incoming feet. You cut maintenance cost by keeping dirt off clean surfaces. When your carpets are soiled, they are picked up and replaced by clean, treated ones.



TREATED MOP SERVICE

This service provides clean, chemically-treated mops on a money-saving, time-saving rental basis. These mops pick up and hold dirt and dust like magnets. Wax jobs last longer, look brighter. Dirt is picked up without leaving a residual film.



DUST-CLOTH SERVICE

Chemically-treated to attract and hold dust, each Dust-Tex dust cloth cleans dry, leaves no greasy film. You buy nothing. Dust-Tex service furnishes a supply of dust cloths, replaces dirty one with clean ones when needed.

dust-tex SERVICE

GIVE IT A TRY
NOTHING TO BUY

DUST-TEX COMPANY
DIVISION OF AMERICAN UNIFORM CO.
P. O. Box 1072, Cleveland, Tennessee 37312

Please send information on how to cut cost by 33%.

Name_____

Address_____

City_____

State_____

Executive Trends

- A sale by any other name
- Why your pay is hot news
- New success wrinkle

By any other name sales smell as sweet

Is your business neglecting lucrative markets right under its nose?

United Air Lines decided to find out. It studied its coast-to-coast passenger business, discovered top businessmen make up the most important share. The study also showed that these executives rely on their secretaries to get them airline space. It was only logical, then, that United would launch its "Roses for a First Lady" campaign—delivering red roses in appropriate vases to more than 1,000 key secretaries in New York.

The figure is up to 2,500 deliveries a week now.

"Most businessmen don't ask themselves the right questions about their customers," says sales adviser Stanley Arnold. "They work in a field for years and assume they know it inside out. But almost invariably, they're amazed to find how much they've been taking for granted in reaching hidden decision-makers."

Other cases in point: 60,000 Goodyear dealers, to build traffic, went after the wives, offering low-priced packets of flower seeds. A dog-food maker courted the kid market with a contest featuring a poodle, a scotty and an English bulldog as first-prize come-ons—plus all-expense trips to Paris, Edinburgh and London.

Payoff: Big sales spurts in both cases.

The moral, says sales sleuth Arnold, is to make certain you are getting full market penetration. To achieve that, he recommends you do the following:

- Dispute the conventional, obvious choice of customer for your product or service. Question all standard sales procedures.
- Find out who really has the strongest influence in the decision to buy your product or service.
- Regard the hidden decision-maker as a new, untouched market.
- Appeal to the real decision-makers in the most exciting, personal manner possible, using promotions built on such fundamental incentives as money, treasure, "emotional reward."

Pay-control worry spurs review of compensation

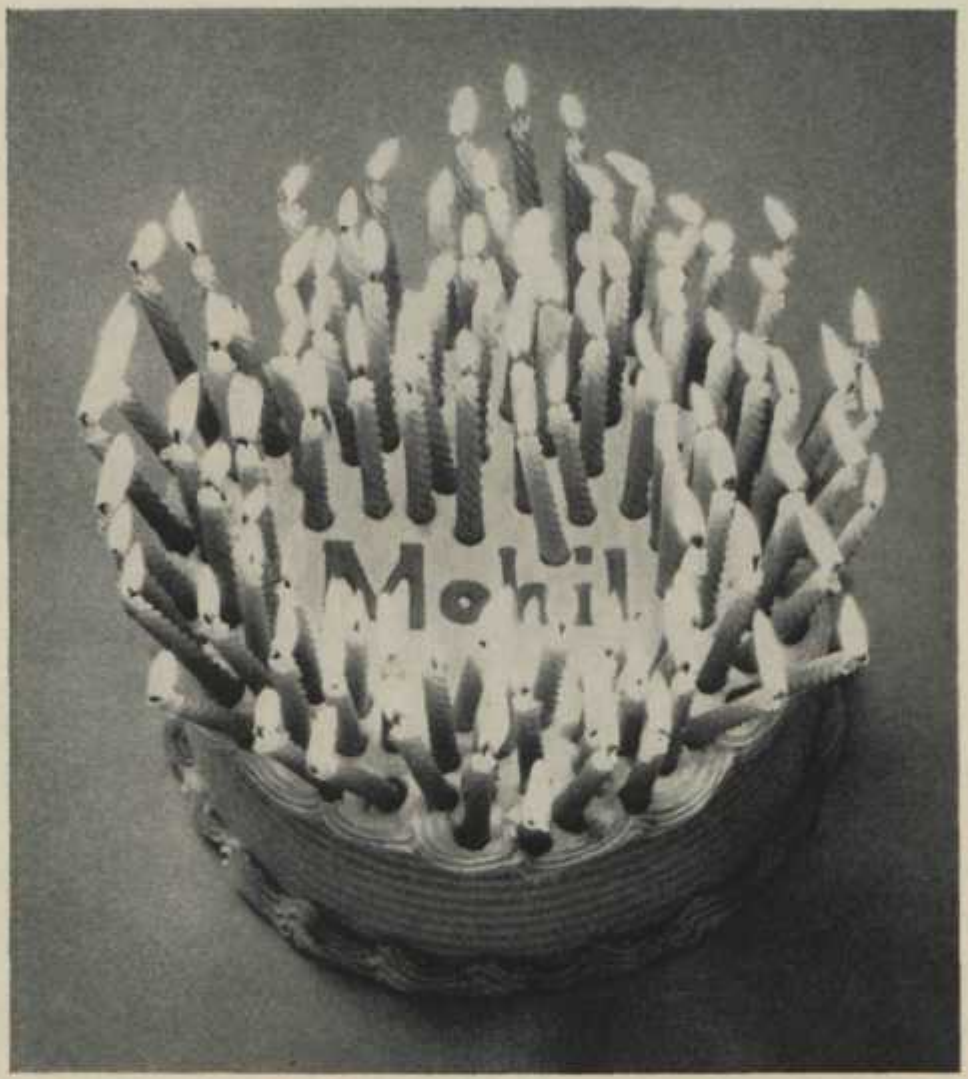
Some businesses, fearing eventual federal control of salaries and wages as a by-product of Viet Nam War, are making haste to put their compensation programs in order.

Authorities on the subject point out that some men now running American firms were "burned" during World War II when their employers were unable to give Washington convincing explanations of the workings and justice of their pay programs. Results: Good men couldn't get raises and firms were unable to hire.

Now the rush is on to get competitive—and to put compensation programs into shape to withstand the sharpest Washington scrutiny—should it come. Washington, so far, has indicated that controls would be asked only as a last resort.

Here's a rule of thumb recom-

Why did we shorten our name on our 100th anniversary?



For one thing, there wasn't enough room on the cake.

For another thing, people haven't called us "Socony Mobil" for years. "Mobil" alone did the job just fine.

So it seemed logical enough to make the change on our 100th anniversary.

You like "Mobil." We like "Mobil."

And, after all, who else is there?

~~Socony~~ Mobil Oil Corporation

©1966 MOBIL OIL CO.

Friden



On this electronic calculator you see what you did 2 seconds, 4 seconds and 6 seconds ago.

You've never seen anything work this easy before.

It's a desk top calculator with a TV screen—the new 130 Electronic Calculator by Friden. And on the screen are your three previous answers . . . plus your next keyboard entry.

Because the 130 *does* remember intermediate answers you can do all sorts of *complex* problems without resorting to pencil and paper.

For example: $\frac{3.689 \times 42\ (18^2 \times 28)}{92.64}$

You simply work the problem step by step and the intermediate answers automatically drop down to the working register as you need them.

There's nothing to transcribe. Except the final answer.

Speed of the 130 is in milliseconds. Operation is completely silent.

See your nearest Friden man for a demonstration of the remarkable 130 Electronic Calculator. Or write to Friden, Inc., San Leandro, Calif. We offer sales and service throughout the world.

Friden
A DIVISION OF
SINGER



The 130 Electronic Calculator by Friden

® A TRADEMARK OF FRIDEN, INC.

EXECUTIVE TRENDS

continued

mended by Dr. Milton L. Rock, managing partner of Edward N. Hay & Associates, Philadelphia-based consultants: Make sure your company's pay programs are well ordered, equitable, in phase with outside competitive conditions and that they follow practices of the most progressive companies in your industry.

No dog days letup for skill-builders

There will be little or no vacation from training for thousands of American businessmen and their employees this summer.

From numerous sources come reports of heavy registrations for seminars, development programs this month and next. In-plant training for workers isn't taking much of a holiday either, and many businessmen schedule late summer vacations to include attendance at summer management courses on university campuses.

Comments a spokesman for the American Management Assn.: "Only a few years ago there was a summer hiatus in training. Now training is a year-round affair. In fact, many executives prefer summer over any other period as a time for study."

Why the current surge in training? In some cases managers say it has been made inescapable by boom-time shortages of skilled executives and other workers. Training is needed to retread the underskilled and to make personnel less vulnerable to obsolescence.

New success wrinkle: no wrinkles

In today's competitive world, the man who looks better will get the better job.

To industrial psychologist Mortimer Feinberg this is the reason behind the recent, rapid growth in the number of male users of wrinkle-removers, scented shave creams, "pick-up" masks, hair sprays and other cosmetic items.

Dr. Feinberg believes the trend simply reflects the American male's aw -eness of appearance as a job-clinching factor "when all other things are equal." He does not feel that the male toiletry boom should be cause for despair over the pros-

Now you can get coffee out of a wall... with the new Oasis *On-A-Wall*

This trim "coffee shop" provides hot water for instant coffee, tea or soup in addition to a drink of cool, refreshing water. And it isn't down the elevator or a block away from anybody.

Imagine the time your people will save when all they have to do for coffee break is step to the Oasis Hot 'N Cold... On-A-Wall.

It mounts flush against the wall, up off the floor. (So it saves space as well as time.) Saves maintenance, too. Quiet, smooth, splash-free operation is assured by quality features like the durable, even-flow Dial-A-Drink bubbler.

Oasis makes 27 different pressure and bottled water coolers from complete Hot 'N Cold refreshment centers with refrigerated compartments to a new model with the bottle hidden inside, underneath.

See them all in our full line brochure, available from your Oasis representative. Look him up in the Yellow Pages or write direct for literature and name of nearest representative.

Sold or rented everywhere

OASIS WATER COOLERS

EBCO MFG. CO. Dept. D-3, 265 North Hamilton Rd. Columbus, Ohio 43213



©1966 Ebco Mfg. Co.



Everybody knows Rt. 80 is going to be the fastest New York-Chicago trucking run:

Select your plant location while you can still be choosy

Sure, there are going to be about 300 miles of Rt. 80 in Pennsylvania alone and that's room for plenty of industrial plants. But, only certain limited lengths of it are handy to a ready labor supply *now*. Only certain parts of it can be handy to what promises to be one of the busiest highway "corners" in the East: the point in Northeast Pennsylvania where Interstate Routes 78, 80, 81 and 84 converge. Only in Northeast Pennsylvania will you have speedy access to north, east, south and west. And, if you're concentrating on the Eastern megalopolis, you're already in it from a business viewpoint, well out of it from a living standpoint.

What's more, 100% financing is available; electric power is plentiful and rates for large industrial customers are among the lowest in the east; and a farsighted State government has maintained a tax climate favorable to industry.

For complete details on this and other prime industrial sites along Rt. 80, mail the coupon today! No obligation, of course.

DONALD N. STOCKER, MGR., AREA DEVELOPMENT Nb 2
PENNSYLVANIA POWER & LIGHT COMPANY
901 Hamilton Street
Allentown, Pennsylvania 18101

Please send us details on sites of_____acres.

Name_____

Company_____

Address_____ Phone_____

City_____ State_____ Zip Code_____

pects for the nation's masculinity—although he concedes that it does point up "man's continual search for youthfulness."

Item: Male cosmetics already are a $400 million a year market; the sales gain was $55 million in 1965 alone. One trade source reports that no less than 32 new after-shave lotions were marketed in the past 12 months.

Says Leonard Lauder, 34-year-old executive vice president of Estee Lauder, Inc., a firm which markets Aramis line of men's grooming agents:

"Many of the scientific advances in skin-care ingredients are needed by men as well as women. Remember, men shred their skin every day, and sometimes twice a day, with shaving action. The skin must be repaired quickly and a protective surface layer provided against the next assault."

Mr. Lauder claims, "Many men tiptoe into the bathroom or their wife's dressing room to surreptitiously dab on some of her hand lotion or deodorant."

Picture that.

Survey finds more starch in nation's white collar

Can piped-in background music add a profitable lilt to the performance of your white-collar force?

It can, according to some of the 91 office managers who took part in a survey sponsored by this column in cooperation with a division of the Administrative Management Society.

Actually, the motivational magic of melodies was but one of a dozen-odd reasons given for what most executives described as "significant" gains in clerical productivity over the past five years. In order of choice, these are the reasons most often listed: Computers and automation; improved training of office workers; proper supervision; installation of improved office machines and equipment; incentive plans; merit increase programs and profit-sharing plans. Then comes background music.

In those few instances (13 per cent) where executives felt that clerical productivity is declining, these were some of the reasons checked: Lack of skills and education; poor training; shortage of manpower; poor supervision.

A $64 question—the '66 election

BY PETER LISAGOR

All kinds of politics engage and bedevil the citizens of this most political of communities, and the creative label-makers have a name for each—the politics of dissent, of hope, of nostalgia, non-cooperation, opposition, the politics of rejuvenation, coattail politics, the politics of consensus, of peace and prosperity, *ad infinitum* and *absurdum*. For every brand one could name, there is a practitioner whose doctrine and tactics conform to the claims of the label.

A popular brand nowadays, among both Democrats and Republicans, is the politics of uncertainty, which means that nobody is sure of the issues or how those which seem crucial now might cut in November. Not even President Johnson, a self-assured politician who rarely betrays an uncertainty about anything in public, can be confident at this stage that the Vietnamese war will not blot everything else out of sight. And if the elections for Congress add up to a referendum on Viet Nam, what happens then to the Republicans, most of whom want sterner and bolder actions taken to hasten the end of an unpopular conflict?

There is no question about the ground on which the President would like to stand as he leads his Democratic troops in campaign this fall. In a large, wall cabinet just inside the press room at the White House are dozens of ball-point pens used by Mr. Johnson to sign Great Society legislation. It is an elaborate and impressive display, and until the Viet Nam situation started to unravel with internal strife and insurrection—a process which gets patched up one day only to rip the next—the Democrats clearly planned to run on the record represented by those pens.

They undoubtedly will try to push the work of the Eighty-ninth Congress as an unexampled contribution to the health, education and welfare of the nation, hoping that the frustrations of the war and the rising cost of living will succumb to the greater force of this federal bonanza.

Mr. Lisagor is the White House correspondent for The Chicago Daily News.

The G.O.P., on the other hand, anticipates a return of those habitual Republicans who strayed from the ranks in the 1964 Johnson landslide. They also expect to profit from the tradition that the party in power usually suffers in those off-year elections when the office of President is not up for grabs. Rep. Gerald Ford of Michigan, the House Republican leader, has openly confessed that if the G.O.P. fails to pick up 30 or more seats in November, he might prove to be a sacrificial lamb and have to step aside for somebody better able to maneuver against the Democratic majority. Candor is not a politician's



LBJ hopes Democrats can run on the Great Society legislation he's signed since taking over White House

stock in trade, but Ford has managed to go rather far in using it as a counterweight to the self-deceit that often afflicts opposition party managers.

Any attempt to predict the outcome of the November elections with any certainty, of course, would be premature, presumptuous and quite probably futile at this early stage. Still, there is no shortage of seers in an environment as speculative and fickle as Washington's, and prophecy is not in short supply, even though much can change in the intervening months before the elections. One of these soothsayers, for example, a highly respected elections analyst and

poll reader, seriously argues that Viet Nam may, despite the public opinion soundings and the noisy debates, prove less an issue than the economy. And the economy, he ventures, will tend to favor the Democrats unless inflation cheapens the dollar incredibly, simply because more people have more money to spend than ever. From his standpoint, the chief barometer to watch is that swing back to normalcy among Republican defectors of 1964.

This particular forecaster has the notion that President Johnson can swathe himself in the flag, come November, and appeal to that wide vein of patriotism in most Americans under stress, and thereby neutralize the Vietnamese issue.

The Republicans, in the main, offer little succor at this juncture to the so-called peace bloc, for G.O.P. candidates can charge mismanagement and timidity but few oppose the actual U. S. involvement or advocate withdrawal. So, if the country were divided between "doves" and "hawks," there would be no sanctuary for the former in the Republican party and the latter, if opinion samplings are correct, already identify with the G.O.P. by and large.

Could there be sleeper issues, the uncommon problems that nag at an affluent people, problems normally overlooked by the politicians but which have been flagged by more thoughtful and perceptive observers of our society?

• • •

A great many Washington officials have begun to think that the problems of an increasingly automated social system may overwhelm us if something isn't done to preserve individual identity. They worry about the trend toward a computerized, depersonalized environment in which citizens become apathetic and alienated, losing all sense of participation in government. In the opinion of one leading educator, many students are "bugged" by this lack of identity, by the feeling that they have been "reduced to a number, or a series of numbers."

Secretary of Defense Robert S. McNamara created quite a stir a few weeks ago when he said that "for many students the computer has become the primordial symbol of mass impersonalization." He said he sympathized with the students at Berkeley, Calif., where he went to school, incidentally, who carried signs reading: "I am a human being; do not fold, bend or mutilate." Often accused of being a brilliant product of a computerized society, as well as a model of the computer mind, McNamara was keenly sensitive to the growing sentiment among students, although he noted that their protest against the computer was "ironical" in view of the fact that an "immense quantum of human drudgery—both mental and manual" has been eliminated by the computer.

In a philosophical sortie, the Defense Secretary said he thought it premature to fret too much about the computer replacing the human brain any time soon. He called the brain "an utterly incredible computer itself; probably the most magnificent bit of miniaturization in the entire universe. Though it weighs only about three pounds, it contains some 10 billion nerve cells, each of which has some 25,000 possible interconnections with other nerve cells. It has been calculated that to build an electronic computer large enough to have that range of choice would require an area equal to the entire surface of the earth."

In a telling concern for man as an individual, Mr. McNamara offered this blinding flash of insight: "It is not really the computer that is in question; it is whether or not Dr. Strangelove is sitting at the computer's console."

That the man in charge of the most destructive military machine ever created should concern himself with the protests against the dehumanizing tendencies in a highly mechanistic society suggests that the politicians might well awaken to a new issue aborning. It is not likely to show itself in street marches demanding that the dial telephone must go or that social security checks must be free of computer slots; but it could be part of cumulative frustrations, of a sense that the Administration talks about improving the quality of American life but does precious little about it.

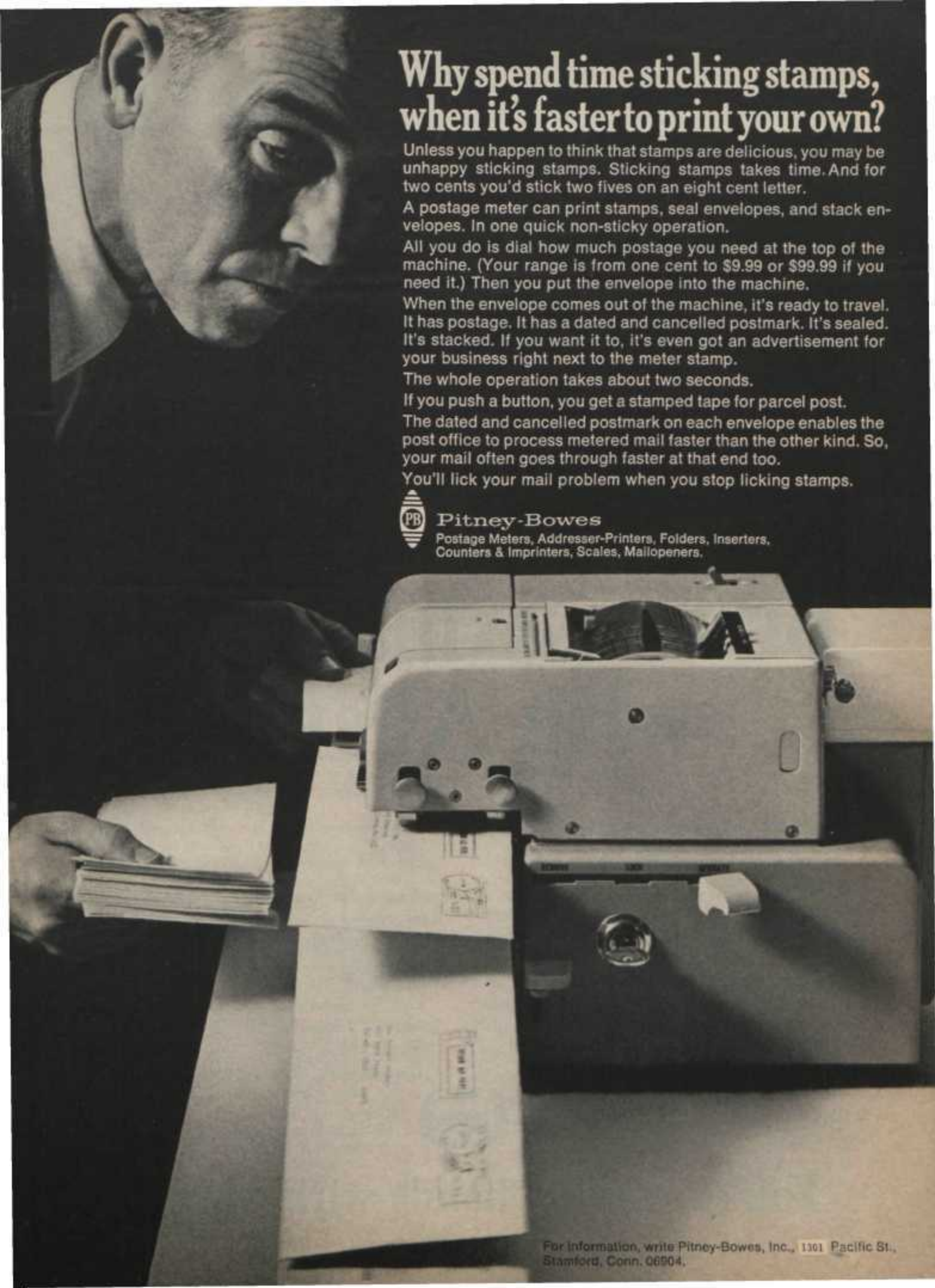
It is entirely conceivable that the old, timeworn issues of a chicken in every pot or a car in every garage—the so-called bread-and-butter issues—will be replaced by widespread voter concern for air and water pollution, the unbelievable snarls in urban transportation, the physical condition of the neighborhood in which the ordinary citizen lives.

A special assistant to President Johnson, Joseph A. Califano, Jr., a normally silent custodian of the Great Society's legislative programs in the White House, recently gave voice to the "need for our political institutions and forces to adapt to relentless and electric change." Governors, mayors, county and township officials, no less than the President, Mr. Califano said, "must recognize that some of their most critical problems today transcend artificial boundaries written by Pilgrims in New England or pioneers in the West."

Rivers must be cleaned up from "source to mouth, through union of state, city and county along the river," he said. "For one part of a river cannot be cleaned any more than one part of a bloodstream can be cured of leukemia," Califano observed. Mass transit and urban planning programs must cross city, county and state lines to be coherent and meaningful.

What Califano is implying here—and no politician would dare say it out loud—is that the present tangle of political entities may be all but obsolete.

These, too, are a part of the politics of uncertainty. An urban-oriented society that begins to feel itself computerized, depersonalized, estranged in human terms from its governing institutions isn't likely to accept the old politics of hope or nostalgia or consensus or anything else. Washington's politicians are becoming slowly aware that they are going to have to apply the computer inside their heads, the one Mr. McNamara talked about, to meet the newly rising issues.



Why spend time sticking stamps, when it's faster to print your own?

Unless you happen to think that stamps are delicious, you may be unhappy sticking stamps. Sticking stamps takes time. And for two cents you'd stick two fives on an eight cent letter.

A postage meter can print stamps, seal envelopes, and stack envelopes. In one quick non-sticky operation.

All you do is dial how much postage you need at the top of the machine. (Your range is from one cent to $9.99 or $99.99 if you need it.) Then you put the envelope into the machine.

When the envelope comes out of the machine, it's ready to travel. It has postage. It has a dated and cancelled postmark. It's sealed. It's stacked. If you want it to, it's even got an advertisement for your business right next to the meter stamp.

The whole operation takes about two seconds.

If you push a button, you get a stamped tape for parcel post.

The dated and cancelled postmark on each envelope enables the post office to process metered mail faster than the other kind. So, your mail often goes through faster at that end too.

You'll lick your mail problem when you stop licking stamps.

PB Pitney-Bowes

Postage Meters, Addresser-Printers, Folders, Inserters, Counters & Imprinters, Scales, Mailopeners.

For information, write Pitney-Bowes, Inc., 1301 Pacific St., Stamford, Conn. 06904.



Now save up to 20% on your business insurance —with Allstate

Allstate, the company famous for low rates, now offers a Businessowner's "Package" Policy at substantial savings compared to what you might be paying now for similar protection under separate policies from most other companies.

This Allstate policy can give you protection against loss from fire and many other perils, public liability insurance, and coverage for many kinds of criminal acts.

Your Allstate Agent can tailor this insurance under one policy to fit your particular operation. He can eliminate dangerous gaps and expensive overlaps often occurring with separate policies.

In the bargain, you get Allstate's prompt, fair claim service . . . from the industry's largest full-time, salaried claims staff.

Get the details about the Allstate Businessowner's "Package" Policy, and find out how much money it may save you.

Contact your local Allstate Agent—at Sears, or any Allstate office. Allstate Insurance Companies, Home Office—Skokie, Illinois.

Savings somewhat less in a very few states. Program not available in Hawaii, Oregon, Texas.

You're in good hands with Allstate®

Founded by Sears

It's not as good as gold

BY FELIX MORLEY

There is no reason to suppose that the adverse international payments gap, for the quarter now ended, will be any more pleasing than that disclosed six weeks ago for the first quarter of 1966. The over-all deficit for this period was listed at $582 million and in making the grim figure public Treasury Secretary Fowler attributed a large share of blame to the war in Viet Nam.

Since April 1 the financial cost of this undertaking has certainly not diminished and to it has been added the indirect effects of the British seamen's strike. This has not only curtailed exports to one of our best customers but has also made the British pound even more dependent on American support. Like every other form of foreign aid all credits extended to other governments, and not repaid, increase the spread between dollars spent abroad and dollars received from abroad. That gap is the increasingly disturbing adverse balance of payments which, with the single exception of 1957, has now been continuous for the United States since 1950.

The poor showing currently is the more discouraging because of the many attempts made by Washington to achieve something approaching equilibrium. The manufacturing, merchandising and financial communities have all been pressured to reduce the outflow of dollars in their overseas operations. For two years there has been a heavy "interest-equalization" tax on the purchase of most foreign securities. Much effort has been directed to promoting exports. Vacationers have been encouraged to "see America" rather than spend their money abroad.

These and other endeavors had some success last year. The payments deficit for 1965 was held to $1.35 billion, or less than half of that for 1964. But prospects now are for a really serious loss of ground.

• • •

A continuously adverse balance of payments has a number of unpleasant consequences, the more so for this country because of its acquired position of reserve banker for the world. A major result is the related drain on our now sharply depleted gold reserve, which has shrunk from over $24 billion in 1950 to well under $14 billion today. Central banks abroad are entitled to redeem their dollars in gold at the rate of $35 per ounce. This has been done, especially by France, to such an extent that the six Common Market governments together now possess more gold than does the United States.

If all outstanding liabilities to foreigners were claimed in gold, the dollar would have to be devalued, regardless of the many Presidential assurances that this will not be done. Intentional pressure to this end is most unlikely, since it would be generally dislocating and of only temporary benefit to a few gold-producing nations. But the situation shows that the United States is by no means the wholly free and independent agent that we like to think.

Other than gold, reserve funds of the important industrial nations are now very largely in the form of dollar assets, known as Eurodollars when held by European banks. Because the value of the expatriated dollar depends on the value of its counterpart at home, there is constant concern in Europe over any inflationary symptoms here, and a consequent incentive to exchange depreciating dollars for gold which seems more likely to appreciate in value. Unfortunately it is no longer possible to demonstrate that the dollar is "as good as gold."

On the one hand, the continuous outward drain of dollars raises doubt as to the future value of the billions now held abroad. On the other hand, there is anxiety lest a sudden enforced contraction of U.S. spending should produce sharply deflationary effects in countries where the dollar has become a reserve currency.

Currently our European friends and allies are seeing the dark side of both alternatives. Our continuously adverse balance of payments makes them dubious about keeping their reserves in dollars. Yet in Europe dollars are now in relatively short supply because the outpour is directed to Viet Nam and

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

other underdeveloped countries. Certainly some of the troubles of NATO root in the European belief that the United States is not giving the well-rounded attention to world problems which use of the dollar as world currency implies.

• • •

The balance-of-payments problem, for this or any other country, ties in with the larger problem of maintaining a smoothly functioning international monetary system. Among the experts there is much argument as to whether present arrangements provide sufficient "liquidity," meaning monetary reserves adequate to finance the desirable expansion of world trade. The governors of the International Monetary Fund have so far taken the position that artificial increase is not necessary.

Nevertheless, doubt as to the dependability of the dollar keeps the issue to the fore. One current plan is for the creation of a new reserve asset called the CRU (Collective Reserve Unit) which would be based upon gold or some other reliable backing (if any) after a collective appraisal of world needs. These CRUs would be added to the gold reserves of each participating government and would replace national currencies, such as the dollar or pound sterling, for purposes of international commerce.

The same anxiety to escape from reliance on the ailing dollar is seen in other suggestions, most notably in French proposals for restoration of the old gold standard, perhaps with the metal revalued at twice the fixed American price. Raising the gold price is understandably advocated by South Africa and Russia, in that order the leading producers of the precious metal.

From the present jungle of politically managed currencies many look back longingly to the free gold standard which worked so well until shattered by the first world war. With all currencies freely convertible into gold at an established rate there was a general financial equilibrium under which the necessary international adjustments were almost automatic.

"The system," to quote a study just issued by the American Enterprise Institute, "provided a mechanism for keeping currencies in line with each other at approximately their parities." Gold was free to move internationally, in response to market prices, but exchange stability was such that actual shipments were unusual. And the right of the individual to obtain gold sustained a disciplinary control over governmental management which was lost when paper money was made irredeemable.

It is asserted that the old gold standard cannot be restored because not enough of the metal is now produced to finance the increased volume of world trade. But Dr. Howard S. Piquet, in the study mentioned, argues to the contrary. "If countries allowed their economies to adjust freely to each other," he says, "relatively small quantities of gold would be needed for the purpose of making international settlements." And, "it is probable that the cost of making the necessary economic adjustments would be less than the cost of persistent imbalances in the international accounts."

The underlying reason for maintaining inconvertible managed currencies is the power of manipulation they give to governments, especially in behalf of full employment and constantly rising wage scales. But this may bring its own nemesis, as illustrated when British labor unions sweep their country's merchant shipping from the seas more completely than German submarines could ever do. Less dramatic, but no less disturbing, is the inability of our own government to attain that balance of international payments on which the prestige of the dollar in world commerce depends.

• • •

The intricate and tangled free-world network of governmentally managed, irredeemable currencies also gives fortuitous advantage to the communist barter system. The greater the confusion in managed currency relations the easier it is for communist officials to make direct deals for quantitative exchange of goods with other countries, by-passing all such complications as sharply fluctuating interest rates.

In the case of Russia, now rapidly forging to the front as a maritime trading nation, this advantage is magnified by the Kremlin's ability to pay with gold for any of its urgent needs. Whatever happens to the paper dollar, or pound or franc or ruble, it seems certain that gold, in the future as in the past, will always be an acceptable medium of exchange. The universal prevalence of hoarding attests to the strength of that conviction.

A current illustration of indirect help to communism is seen in a $5.8 million 2½ per cent foreign aid loan to South Korea authorized by Washington in May. The money will be used to expand Korean



PHOTO: BLACK STAR

U. S. gold supply shrinks as it is shifted to accounts of other nations to cover balance of payments deficit.

output of nylon filament, currently supplied by Japan. There was no anticipation that the Japanese exporters would arrange a barter deal with mainland China to replace their threatened Korean market.

It is ironic for us to lend tacit encouragement to the communist ideal of governmentally directed commerce while straining to break the red grip in economic backwaters by military means.

Today, some of the busiest banks have the shortest lines.

Why?

Ten second transactions with NCR's on-line system.

Ten seconds? Ten seconds! The teller enters the basic information of the transaction on an NCR window machine. Instantly the NCR 315 computer system in the home office on the other side of town (or at one of NCR's on-line data centers strategically located throughout the country) searches its memory. It finds the account, verifies the account number and old balance, enters the deposit or withdrawal, updates any interest, strikes a new balance, and instructs the Class 42 window machine to automatically print all information in the customer's passbook. It takes ten seconds. So find yourself a bank with an NCR on-line system...any branch, any window...and forget about waiting in long lines on payday.





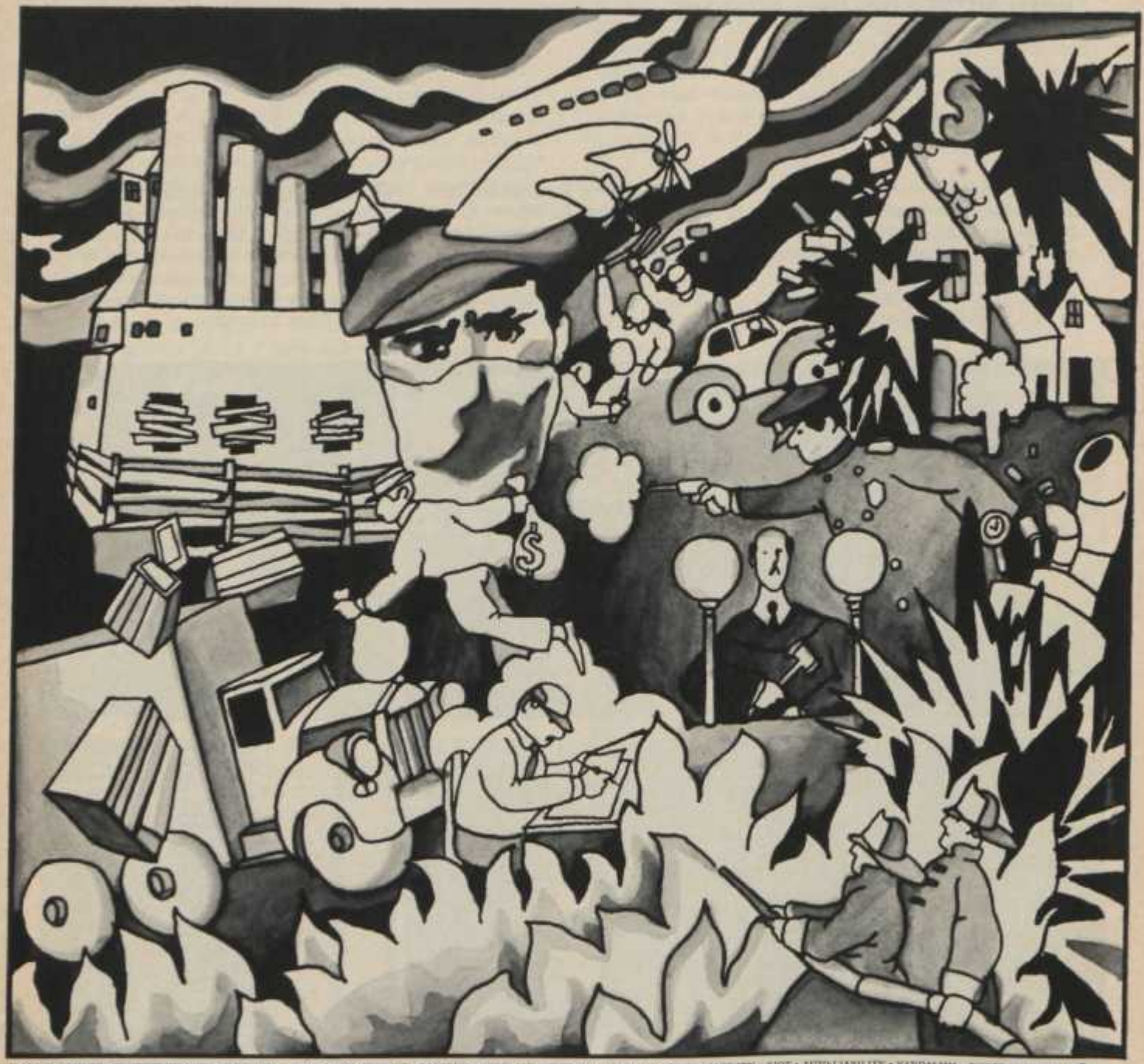



NCR



THE NATIONAL CASH REGISTER CO., DAYTON, OHIO 45409 ®

If you have more than one policy to cover all these business risks, you have at least one policy too many.



GOODS IN TRANSIT • BUSINESS INCOME • SONIC BOOM • DAMAGE BY AIRCRAFT • ROBBERY • BURGLARY • EMPLOYEE FIDELITY • FIRE • LIABILITY • RIOT • AUTO LIABILITY • VANDALISM • BOILER EXPLOSION

What do you need them all for?

One Continental policy can cover *all* these business risks (plus a few we couldn't squeeze into the picture). At savings up to 25%.

You'll have only *one* agent to deal with. *One* premium to pay. *One* renewal date to remember. You won't be burdened with costly overlaps. And you'll have less chance of exposure to an uninsured loss.

Call your nearby Continental agent. (You'll find him listed in the Yellow Pages.) He'll combine your property, liability and fidelity insurance in one Comprehensive Business Policy.

It's not a rigid package plan with a lot of you-must-take-thises and you-must-take-thats.

It includes the coverage you want to include. But it doesn't include coverages you don't need (and shouldn't be forced to pay for).

Does that sound like the *one* policy that's right for you?



The Continental Insurance Companies

Rockabye, hot rods, to the federal safety lullaby

BY ALDEN H. SYPHER

Washington no doubt is the only city in the nation that has eliminated the cause of a traffic fatality so perfectly, so completely, that it never has happened again. This solution has withstood the test of time for several years.

A young man driving a sports car came roaring into a traffic circle at terrific speed. The car shot across the main roadway, which carries thousands of family heads commuting between their homes in adjoining Maryland and jobs downtown. But this was between rush hours and no other autos were hit.

The sports car hurtled over the curbing onto the inner circle lawn and struck a tree. The driver was killed. The perfect preventative was found shortly.

They cut down the tree.

• • •

They're at it again.

A District commissioner did his best to have the District of Columbia come ahead of all the states in the nation, to be the first place where people would be arrested for not buckling up their seat belts.

He failed, even though he told his fellow commissioners they should pass this "progressive safety measure" because President Johnson had noted that 50,000 persons were killed in traffic accidents last year, and he wanted some action.

Had this public servant been on the other side of the issue, he might have told the commission the imported car he drives was built in a country where, unlike the land of the free and the home of the brave, seat belts are not standard equipment. Or that in the more than 100 countries where the car is sold, only a few political subdivisions in two of them require belts, although the idea is far from new.

Another equally public-spirited Washington resident would go even farther. He has suggested in print not only that people should be pinched for not being legally lashed into their cars, but also that their insurance claims be dishonored in such circumstances.

And so every man could be an individual vigilante, a light on the outside of the car be connected "so that all could know, including the traffic police, whether the seat belts were in place."

Thus if you saw a car with its belt light out you could holler for the cops, or ram it as a lesson (in safety) to the occupants. They couldn't collect anyway.

In the emotional excitement stirred up by self-appointed lifesavers using purple prose to attribute savagery to automobiles, new laws very likely will be passed aimed at taming the beast.

Congress and state legislators are being armed by politicians and others indisputably expert at getting public attention. But their qualifications as safety experts may be so thin as to be diaphanous.



Washington, convinced a law can solve any problem, makes motorists believe it can assure their safety.

So while legislators take aim at the automobile they may hit the driver by mistake, and possibly the passengers. Their training has not been the best.

Many states will follow the federal pattern in attempting to legislate safety into automobiles. All such laws would cost you money and more impor-

Mr. Sypher, a life-long journalist, is the former editor and publisher of NATION'S BUSINESS.

tant, some may have a greater cost in dignity, liberty and even personal safety.

The more widespread a feeling of security is based on pseudo safety built into automobiles by law, the more dangerous automobiles could become. For the major causes of accidents will not have been touched, and false security could lead to more of them.

Since drivers are the usual cause of accidents, the well-strapped-in menace surrounded by padding and federally sponsored belief that he, personally, could not be seriously hurt, the more dangerous he would become to others. Particularly with a few drinks under his safety belt.

• • •

Let's take another look at safety belts. They were developed for use in armed services aircraft so long ago the cruising speed of most airplanes was under that which often is attained today in third gear of almost any respectable set of wheels that has four on the floor.

Longer than a generation ago the services found the belt wasn't doing the job. Some pilots, feeling secure because a tight band was buckled around their bellies, developed a maneuver appropriately called the hammerhead stall.

In case you've never been through one of these (you haven't), imagine an airplane put into a climb almost straight up—years ago before service airplanes could climb straight up.

The result was a rapid loss of speed, then no speed for an instant, followed by a very fast fall backward until the engine weight pulled the nose down into a normal forward dive.

At the instant the aircraft began to fall backward, the pilot's body jackknifed against his seat belt and he bashed out his brains on whatever his head could reach—which could be most anything since the human body is somewhat elastic and in such extreme circumstances the head reaches until it finds something solid to stop it. Just like when an automobile hits another head-on, or something solid like an abutment.

So the air-safety experts found that shoulder harness was what they needed. Not the single sling you see occasionally in an automobile that may be looped loosely over a boutonniere or a frilly dress, but a stout, double harness.

They also developed the quick release mechanism which opens both harness and seat belt instantly in response to a rap on the release button.

That's the pattern for the deluxe belt release being offered by General Motors and Ford, and sharply criticized by one of the principal protesters currently singing the faults of the automobile industry.

He called it "poorly engineered, highly unreliable and ineffective," and said it would open with a light blow. Why not? It was intended to.

The services adopted the quick release in the belief it would be handy for folks who want to depart burning vehicles in a hurry. They still use it on tactical craft. Anyway, the shoulder harness does a neater job than seat belts. When the pilot of an aircraft so equipped hits something really hard—like the impact of an automobile hitting another head-on—his body no longer jackknifes forward. His neck snaps.

One of the principal supports being used by persons who are striking righteous poses and demanding that you and I be saved by straps is a figure. Often this figure is given the more impressive title of statistic.

It's the figure 12,000. You've read it. Someone said 12,000 of the 50,000 who lost their lives in traffic accidents last year died because they failed to buckle themselves in.

That's a wonderful figure. It's being used far and wide by persons who must be more responsible in other ways. How can anyone know how many mangled bodies would have been less mangled, or differently mangled, had they been clamped to a seat in smoking wreckage?

How can they know what would have happened to those bodies in the same ghastly crashes under any circumstances? Why not 6,000? Or 16,000?

You may just as logically state that 3,781 persons would be alive today had they not worn seat belts. For there are serious students of safety in cars who believe that such belts take lives. In fire following crash, for example.

When an expert tells you belts assure safety in high impact, ask him to feel his head, using both hands. If it's anything like yours he'll find it's rather solid in back. The sides are a little less solid because of the openings for ears.

But the front!

That's the fragile part. That's the part that collapses when it hits anything much harder than cotton candy. And even if the upcoming collapsible steering wheels and dash padding are that soft, there must be some framing under them somewhere. On high enough impact, the motorist's face will find it.

This nation should reduce drastically the toll of traffic, and it can. Eliminating the causes of accidents, which are well known, might be more rewarding work than the present political crusade to make cars more comfortable in crashes. It also would save many more lives.

There is overwhelming evidence that about half our fatal crashes are initiated at least in part by the prior use of alcohol. So Dr. William Haddon, Jr., of the New York Department of Health told the spring safety symposium of the National Academy of Engineers.

At the same Washington session a doctor, statistician, psychologist, engineer and a lawyer all agreed there is growing evidence that "aggressive, pathological drinkers" were involved in a great percentage of traffic deaths last year.

Which makes the current crusade for safety, aimed almost entirely at the automobile, look something like a campaign to correct the work of a drunken carpenter by redesigning the hammer.

Why is the target the automobile, which seldom causes accidents, instead of the driver who does?

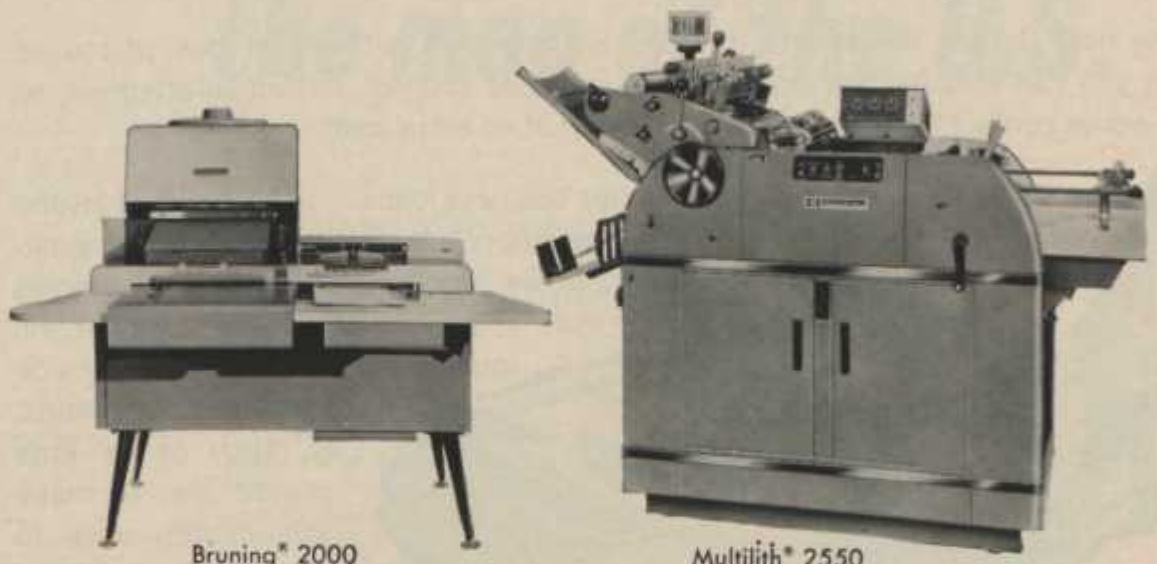
Automobiles can't vote.

Aggressive, pathological drunks can.

If you want sharp, clear copies of all your business documents...

...and you want them fast
...and you like to save money

Remember



Bruning® 2000

Multilith® 2550

YOU GET ALL THIS... and much more!

There's no need to fool around with copying equipment that's long on promises and short on performance. Invest in a Bruning-Multilith Offset copy duplicating system that really works — and saves money too.

REAL ECONOMY The more copies you make, the lower your cost. If you like, copies can be sorted automatically too. No hidden charges!

TOP QUALITY The popular Multilith 2550, combined with our Bruning 2000 electrostatic copier, gives you the sharpest, clearest copies possible. Each copy has an "original" look.

SPEED Multilith 2550 duplicates at a modern high speed of 9000 copies per hour.

VERSATILITY No special paper needed. You can duplicate copies in a wide variety of sizes. And, if you like, duplicate on *both* sides of the paper.

Call your Multigraph® man. He's in the Yellow Pages. He'll be glad to tell you more. Or write Addressograph Multigraph Corporation, 1200 Babbitt Road, Cleveland, Ohio 44117.

Multigraph

DIVISION OF

ADDRESSOGRAPH MULTIGRAPH CORPORATION

Should your business loan include personal service?

Why not? Getting the benefit of more working cash is the main idea, of course. But you can also get the benefit of experienced counsel, individual attention, an active contact for further financing . . . all at no extra cost.



That's how Commercial Credit handles business loans . . . whether they involve your receivables, inventory, plant and equipment, or whatever. The man we send you at the outset becomes *your* man for as long as we work together. He looks at the problem from *your* side of the desk. He helps, as much or as little as you like, to make our money work to *your* best advantage.

Through Commercial Credit *accounts receivable* financing, for instance, he usually makes *more* money available . . . *more* promptly . . . than other sources can. Borrow thousands or millions, for months or years. Pay only for the dollars you use, only for the days you use them.

We call your proceeds *CCCash*. It's a very special kind of money. If you'd like some, and the personal service that comes with it, we'll send you the nearest man with the mostest know-how.



Call Commercial Credit

Atlanta	270 Peachtree St., N.E.	525-4938	Los Angeles	722 S. Spring St.	MA 4-9431
Baltimore	2315 St. Paul St.	MU 5-1400	New York	50 W. 44th St.	OX 7-3500
Chicago	208 S. La Salle St.	DE 2-3716	Oklahoma City	120 R. S. Kerr Ave.	CE 2-0507
Cincinnati	1003 Carew Tower	721-2962	San Francisco	44 Montgomery St.	982-6362

BUSINESS LOANS: Another service offered by subsidiaries of Commercial Credit Company, which has assets of over two and one-half billion dollars.

How Washington would remake the map of the U.S.

A new plan would set up regional boards to tell communities what's best for them

A seemingly limited plan to upgrade rural communities may revolutionize the way Americans now govern themselves.

It's all in a proposed new law to set up regional agencies of government. They would tend to redraw the present map of the country because they would be new centers of decision-making on economic and social questions. The agencies eventually could determine where tax money would be spent for future roads, hospitals, waterworks, schools, parks and even factories and stores.

These agencies supposedly would act as planning bodies to help guide the growth and development of large hunks of territory embracing counties and towns as much as 50 miles apart. The planning bodies would be a mechanism for providing federal money to persuade communities "to reason together," one Washington official explains, to plan multicounty governmental services and facilities.

Officials interviewed by NATION'S BUSINESS expect to use the planning bodies to channel all manner of federal aids and grants into these areas once the planners have dreamed up their impression of what should be built and where and how and when.

For business it could mean, for example, that a company seeking a new plant site or wanting to open a new branch might have to abide by federally guided economic development plans.

Or business leadership in a forward-looking community could find its efforts to attract new industry undercut by federal promoters striving to lure business into their subsidized "demonstration counties" elsewhere.

New "county seats" in effect could be created by setting up the new planning bodies as power centers for directing the flow of federal funds to one town rather than another.

A special dose of economic and social subsidies is planned to persuade the first batch of communities to form themselves into districts and set up their planning agencies.

Finally, it's assumed that these agencies would generate a raft of community development projects dependent on federal grants. That's where the controls came in. The leg-



ILLUSTRATION: JOHN HEINLY

How Washington would remake the map of the U.S.

continued

islation says administrators of federal grant programs must follow the plans of regional agencies in acting on grant applications for projects within the districts. This demonstrates the real authority these allegedly "advisory" bodies would have.

The effect could be to impose the regional agencies' development plans under the implied threat of withholding federal funds otherwise available. The program also could compete with other community development efforts and create new demands—and political support—for federal spending.

The proposed new law, called the Community District Development Act, would work like this:

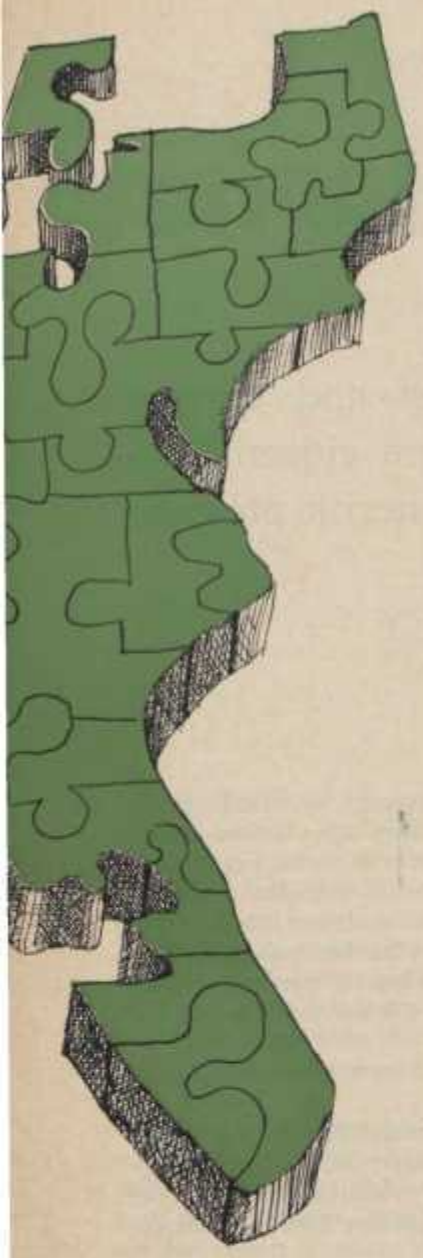
Federal, state or local officials could recommend areas as possible community development districts. The size and shape of districts theoretically would depend on the trading area of—or commuting distance to—larger towns or cities within them.

All three levels of government would need to concur in establishment of a district. But the lure of special subsidies—plus the threat of seeing them funneled elsewhere—suggests that the political pressures on local officials to go along include a lot more than devotion to coordinated planning.

Approval at the federal level would rest with the Agriculture Department and the Department of Housing and Urban Development. The two federal agencies already are responsible for doling out funds for a broad range of local projects.

Members of the policy-making district board would represent elected governing bodies of political subdivisions within its borders.

Federal tax dollars would cover 75 per cent of planning costs, in-



cluding permanent staff salaries and consulting fees, plus a 10 per cent bonus to allow planning undertaken individually by member jurisdictions for specific projects to be tied into district plans.

$5 million—just for a start

The cost for the next fiscal year would be $5 million; the program would be limited to roughly two dozen districts. But that's just the start. Assistant Agriculture Secretary John A. Baker tells NATION'S BUSINESS that the program, if successful, will blanket all non-metropolitan areas of the country with development districts.

The costs would mount up as federally financed projects were generated by the planners under the development program. To begin with, Agriculture Secretary Freeman has pledged that the first districts will receive "special concerted services in resource development, health care, and training and education."

"The first ones in the water find out whether it's cold or hot," explains Robert G. Lewis, administrator of the department's Rural Community Development Service which would run the program.

"It might take a little extra urging to get the first districts to jump in."

It's worth emphasizing that most projects undertaken under regional planning would need federal subsidy. In fact, a basic purpose of the legislation is to spread grant programs around the countryside.

A major critic of the bill is Gov. Robert E. Smylie of Idaho, a largely agricultural state. He wrote Chairman Allen J. Ellender of the Senate Agriculture Committee that the measure threatened to create "an administrative tangle which would prevent any serious attempt to solve these problems by either state or federal officials."

The three-term governor and member of the Advisory Commission on Intergovernmental Relations added:

"It would seem to me that all of our experience at the state, local and federal levels with the programs under the Economic Opportunity Act shows that the superimposition of federally dominated administrative units between our traditional governmental units does more to confound the problems we are all interested in solving than it does to solve them."

During an interview with NATION'S BUSINESS, Gov. Smylie added: "This will be totally destructive of the capacity—and the will—of the small towns to work out their own problems. . . . And they're just not that hard up."

Bureaucratic empire-building

He views the legislation as a scheme to perpetuate the Agriculture Department's bureaucracy in a nation predicted to be nearly urbanized by the end of the century.

"Out there in the boondocks it just looks like empire-building."

The main dispute is over the real function of the regional planning agencies.

Supporters insist that they would be purely advisory, that their plans would serve as informal agreements —recommendations to the governments they serve and to administrators of operating government grant programs that finance various facilities.

In acting on the Administration's bill, however, a Senate committee declared that a regional plan must "lay out a clear course of action to be followed by the development district."

Leaving no doubt that they must be followed, the committee asked heads of HUD and the Agriculture Department to report back on how communities were following development board plans and—if necessary—how they could be forced to do so.

The bill itself tells administrators of federal grant programs which carry planning requirements to "give consideration" to district plans in acting on applications for projects in development districts.

Mr. Lewis says: "We expect that the plans will be followed." Any official who ignores a district plan in acting on an application "ought to have a pretty convincing argument."

Help already at hand

There's a further tip-off that more than mere planning is expected if the proposal becomes law.

Existing planning programs already are available to rural communities on an individual or multicounty basis.

Victor Fischer, director of HUD's Office of Metropolitan Development, told the Senate that his agency, which actually would provide

(continued on page 48)

We need a new

The former industrialist and current governor tells how more citizens can share in our national economic progress

BY GEORGE ROMNEY



The most successful and amazing economic revolution in the world has taken place in the United States.

Over a period of many decades and through a series of revolutionary changes in our own economic concepts, we knocked two false doctrines into a cocked hat: The Iron Law of Wages—the theory that workers' wages will always sink to the level of bare subsistence—and the Marxist dogma of the inevitability of communism.

We have proved four fundamental economic principles.

- First, the principle of competition among enterprises, which lets the customer rule.
- Second, the principle of voluntary cooperation, including free collective bargaining between management and labor.
- Third, the principle of reward based on contribution.
- Fourth, the principle of progress-sharing among customers, workers and owners.

These four basic principles have been the strength of the free American economy. They have given Americans abundance unmatched in history.

But in recent years, for a variety of reasons, we have turned down a wrong road—the road that leads to economic absolutism.

1. Our labor laws promote conflict, rather than cooperation, within enterprises. This is wrong. A company and its employees ought to work together as members of the same enterprise team. How successful do you think a baseball team would be if either or both the "outfielders' union" and the "infielders' association" each put its own interest ahead of the interest of the team?

2. Our labor laws encourage collective bargaining on an industry-wide or nationwide monopoly basis. This conflicts with the principle of competition among the enterprises in each industry, as required by the

capitalism in America

antitrust laws. We have one set of rules for the marketplace and an opposing set of rules for collective bargaining—and the American economy cannot maintain its leadership half competitive and half monopolistic.

3. We have mistakenly removed wages—the biggest element of cost and price—from competition. It is right and proper to remove the workers of a single enterprise from wage competition with each other, but it is wrong to remove wages in whole industries from competition.

As a result, wage rates are fixed without regard to competitive factors. Pattern-setting industries like steel and autos establish wage levels which affect wage costs throughout the whole economy. Labor costs go up faster than increases in productivity. Prices rise. Unions and employers grab off economic progress for themselves, and what little is left dribbles out to the customers. Economically, the American customer has become America's new forgotten man.

4. Monopoly collective bargaining power produces national emergency shutdowns, and the federal government keeps stepping in more and more to make more and more of the basic economic decisions in this country. We are weakening the basic competitive principle which gives the people their control over the economy. We are substituting the power of the federal government for the power of the people as customers.

5. Politically motivated, inflationary federal economic policies are putting an ever tighter squeeze on the people's pocketbook. For months, the danger signals of an overheating economy were ignored. The current Administration pumped inflation into the economy with easy money, easy credit, big new spending and tax cuts to stimulate a boom on top of a boom.

The greatest inflationary forces in America today are the policies of the national Administration. In the short run, such policies may be politically popular. But their consequences are not politically popular. They are eventually disastrous: Higher prices, reduced purchasing power and galloping inflation, followed by a crisis.

Much of our nation's economic directions today are at the mercy of a gimmick called the New Economics. It's simple. Government goes merrily along with its inflationary policies, but prices will never go up—because, when any major industry needs a price rise to expand and produce in the face of rising costs, government won't permit it.

In aluminum, copper and steel, the Administration bludgeoned industry into the ground. It used the government's vast purchasing power to put the heat on steel, and it threatened to unload the defense stockpile of strategic copper and aluminum to force prices down, in clear violation of Congressional intent.

These expedient but shortsighted economic gimmicks haven't worked. Already the price rise is on, striking hardest at the pocketbooks of those who are least able to afford it.

I say this New Economics is phony economics. Its end result is a totally controlled economy, dominated by a giant government controlling giant companies and giant unions.

Americans need not stand idly by and wait for the next maneuver. We can maintain our prosperity and economic freedom—but only if we reassert the basic economic principles that gave us more economic progress than any other people in the world: Competition, cooperation, reward based on contribution and progress-sharing—not conflict, monopoly, coercion and White House control. How shall we do it?

• First, we must divide the growing concentrations of monopoly employer and union power by putting collective bargaining between enterprises on the same competitive basis as prices. *(continued on page 76)*



Schools like this in well-to-do Garden City, N. Y., get federal funds to teach "poor" kids who don't exist.

Should rich kids get handouts?

A diller a dollar,
a subsidized scholar,
where did you find such a boon?
"Give Uncle a holler,"
said the well-to-do scholar,
"and he'll resilver your spoon."



PHOTOS: JOE COSELLO—BLACK STAR, GEORGE TAMES

But needy schools like this in the mountains of eastern Kentucky don't get a dime from Uncle Sam.

The much-heralded, billion-dollar package of federal aid for elementary and secondary education, enacted last year after decades of struggle, is getting poor marks in many parts of the country.

Although many projects under the Elementary and Secondary Education Act of 1965 are just now getting started, already there are these disturbing developments:

- To a significant extent, the stated purpose of the act's costliest provision—to expand and improve educational programs in areas where there are concentrations of poor children—is being abused.
- Money is being urged on communities that don't want it.
- The poorest states are getting the least amount of money per school child.
- There's an alarming lack of personnel to carry out the new law.
- Some school districts are spending frantically to use up a full year's allotment in just a couple of months.

Abuses no surprise

These developments come as no surprise to such lawmakers as Rep. Edith Green (D., Oregon), Rep. Charles Goodell (R., N.Y.) and Rep. Albert Quie (R., Minn.). They, along with business and other groups, warned of these failings.

Even more disturbing to some people, both in and out of government, is what's ahead. At a time when many are urging a cutback in nondefense expenditures, this law is almost certain to be expanded.

President Johnson regards the school Act as one of his proudest accomplishments. Signing the bill on Palm Sunday last year at the one-room schoolhouse he attended as a boy in Stonewall, Texas, the President enthused: "I believe deeply no law I have signed or will ever sign means more to the future of America."

Its meaning is becoming more cloudy as various weaknesses appear.

The major thrust of the Act is Title I. Under this more than $1 billion can be spent through this summer for 22,000 projects in all 50 states and the territories.

Title I's stated aim is to help broaden and strengthen education for children in poverty. It seeks to do this through grants, for both public and private school children, to pay for such programs as remedial instruction, guidance and counseling services and health and welfare services. Money can also be used to acquire equipment and, in a few cases, build facilities.

When the bill was debated in Congress a year ago this spring, an outvoted minority argued that the poverty label was phony. (*Continued on page 73*)



RFK: HOW HE'S

You can get all sorts of answers to the question: "What makes Bobby run?"

Bobby Kennedy's friends cite an innate urge for public service—a deep tradition in the family. Others say he feels he has no choice—"He can't get off the tiger." Still others consider personal ambition as the main driving force.

Many political insiders, however, detect a deeper motive in the New York Senator's thrust. As they see it, RFK is determined to remake the Democratic Party in the Kennedy image. There's plenty of evidence that he feels President Johnson's Great Society—grandiose as it may seem to others—falls far short of the bold program that should have followed the New Frontier. On issue after issue, he has taken positions distinctly to the left of the Administration. And he's cashing in on them.

Organized labor, long a Democratic adjunct, is restive over inflation and resentful of Mr. Johnson's failure to deliver on his campaign promises. AFL-CIO President George Meany has declared that his unionists don't need a Party which can't help them. But Senator Kennedy wants to alter the Party so it can be helpful and get more union support.

Democratic candidates for Congress and the governorships in the Deep South are in trouble with rising Republican competition. But Bob Kennedy has made much of his civil rights stands.

So the confrontation of Kennedy and Johnson men in this year's elections involves more than a preview of a possible race between Sen. Kennedy and Vice President Humphrey for the White House in 1972. It represents a struggle for ultimate control of the Party, even in 1968, despite Sen. Kennedy's public pronouncements to the contrary.

Businessmen, for example, are closely watching the widely publicized primary race for the Tennessee governorship between John Jay Hooker, a Kennedy man, and Buford Ellington, an intimate of President Johnson. Mr. Hooker favors

HOLMES M. ALEXANDER, *the author, is a nationally syndicated columnist with 20 years practice in Washington journalism. His latest book is "Washington and Lee, a Study in the Will to Win."*



PHOTO: B. BERLYAT—BLACK STAR

BUILDING HIS OWN PARTY

more federal spending and, among other things, repeal of section 14 (b) of the Taft-Hartley Act, which permits state right-to-work laws. Mr. Ellington takes the other view.

Whatever the outcome in Tennessee or the half-dozen other states where Kennedy men oppose Johnson followers, the Senator is building support not only for his future candidacy, but also for his view of the direction the Party should take. Mr. Kennedy has avoided open involvement in most races, but insiders say he has farmed out manpower—from his office staff and foundation people—to help his office-seeking friends. And it's a political fact of life that such help results in IOU's which can be cashed in later.

Associates confide that the Senator is highly averse to publicity about his political activities. Yet those who have observed them firsthand acknowledge that Mr. Kennedy is particularly astute in the use of his financial resources. He is able to hire university experts on sewage facilities, for example, when a local mayor wants advice on how to get a federal grant. He can bring in somebody able to talk the language of any town's director of public works or welfare. Again, critics say, the IOU's pile up.

Already a shadow organization

The Senator is not, of course, building his potential organization from scratch. As his brother's campaign manager, he assembled a highly efficient political machine, which could be oiled up again. And many Kennedymen are already in high political positions. A few of them are:

Joseph Tydings, a young Maryland state legislator and ardent Party worker for JFK in 1960, was appointed U. S. District Attorney in 1961. He owed his office to President Kennedy and his boss was Attorney General Kennedy. In 1964 Joe Tydings was elected to the Senate, where he joined the surviving brothers of the late President.

John Culver, a Harvard football star and classmate of Edward (Ted) Kennedy, left Iowa to work in the Washington office of Sen. Ted Kennedy after the latter's 1962 election. In 1964 Culver was elected to Congress as Representa-

(continued on page 50)

LESSONS OF LEADERSHIP: PART XIV

EXPANDING WITH CONFIDENCE

A conversation with Fred R. Lazarus, Jr., Chairman of the Board of the Federated Department Stores, Inc.

Fred Lazarus, Jr.'s long, distinguished career began when he was a boy in knee-pants, selling behind the counter of his father's store. That was a decade before Henry Ford founded Ford Motor Co. and Orville and Wilbur Wright made their first successful flights at Kitty Hawk.

In the years since then, "Mr. Fred" helped build a small family-owned clothing store in Columbus, Ohio, into a full-fledged department store, acknowledged to be one of the best run and most profitable in the nation.

In 1929, the year of The Crash, he was one of the founders of Federated Department Stores, Inc., which pooled the fortunes and talents of some of America's foremost merchant princes: The Filenes of Boston, the Rothschilds and Bloomingdales of New York and the Lazaruses of Ohio.

Later, in 1945, he became president of the corporation and launched it on a 20-year period of growth which made it one of the largest department store groups in the world.

In boom and bust, Mr. Fred built and expanded—despite financial panics and economic prophecies of doom. He put into practice the old saying of the late J. P. Morgan: Don't sell America short.

Federated Department Stores sold last year more than $1.3 billion worth of merchandise—from workpants to mink coats, from tea strainers to color TV sets.

Mr. Fred, now board chairman, and his son, Ralph, who succeeded him as president of Federated, run this giant enterprise as a two-man team from its headquarters in Cincinnati.

His executive suite, atop the Shillito Division's six-story garage in Cincinnati, commands a broad view of this old Ohio city in whose civic and business life he and his family have played so big a part.

He works at a large, simple, uncluttered desk. Behind him the wall is covered with photographs—not of the host of notables he has known from Wall Street to Washington—but mostly of his family.

He is a short, alert, friendly man, who is possessed of a phenomenal memory



Ford's New Linehaul Diesel



...built to do just one job: cut your operating costs.

Here is the greatest aggregation of cost-cutting features in any linehauler: Ford's new W-Series tractor. In designing the "W" Ford engineers examined all cost factors in truck operation, then went about reducing them... component by component. Structural strength was increased, parts made more reliable, service accessibility improved (e.g., both 52" standard cab and 82" sleeper tilt 55° for routine service, 80° for major work). To assure economical power for all hauling needs, Ford engineers included a choice of 20 Diesel engines—Caterpillar, Cummins, Detroit—in over 1250 power-train combinations. Every feature of Ford's big W is engineered to decrease operating costs and increase earning ability. The economical performance this tractor is now giving other owners could be yours as well.

FORD HEAVY DUTY **TRUCKS**

EXPANDING WITH CONFIDENCE *continued*

for facts. Here, in an interview with NATION'S BUSINESS, this 81-year-old, senior statesman of retailing, tells what he has learned in a long lifetime of business leadership.

Mr. Lazarus, you started your career working in your father's store, F. & R. Lazarus Co., didn't you?

Yes. I think I was about nine or 10 then. I would work on Saturdays and sell merchandise. I was a little too short to look over the counter, so I had to stand on a box to talk to customers.

I sold men's collars—celluloid collars and paper collars. That was before the time of cotton collars.

Were you a good collar salesman?

Oh, I was an excellent collar salesman. I sold $50 to $75 worth of collars a day, most of them at a price of two for a quarter. I was also the chief assistant to the man who looked after the stock and was the only salesman in the collar department. So he was glad to have me on a busy Saturday. My pay was 25 cents a day.

What was the annual sales volume of F. & R. Lazarus at that time?

Oh, I suppose around $300,000 a year, maybe $400,000. I know when I went into the store in 1903, when I was 19 years old, we were doing about $600,000.

You mean when you went into the store full-time?

Yes, I quit college to go into the store. I had been at Ohio State University about four months, and then I quit.

My uncle had contracted Hodgkin's disease, and the doctor said that he couldn't live over six months to a year. Father wasn't well. The store was the stake of the family, and my older brother, Simon, was just coming out of business school. I thought I was needed to help, so I went to work.

I was always interested in selling merchandise. It was fun. I believed that there were great opportunities in it.

My father and Uncle Ralph had achieved a name in the community as being good retailers and good citizens. The family name stood for a good deal.

I was confident that my older brother, Simon, and I could enlarge the store and make it even more important than it had been.

When did you build F. & R. Lazarus' first big store in Columbus?

Well, we got into the new store in 1909. We began building it in 1908, and we were planning it in 1907, at the time of the panic.

What gave you the courage to expand in the face of a business slump?

We didn't know any better.

Were there any new features in this store, Mr. Lazarus?

Oh, a lot of them.

The first escalator in Ohio, bird cages in the children's departments, stunts every place in the store to make it attractive, things to bring people inside.

We had a little mechanical machine in the hosiery department that oscillated back and forth and rubbed the heel and the toe each time. It had a numbering machine on it to show how many times the stocking rubbed before it wore a hole. It was a great adjunct to the selling of women's hosiery at that time. Then women wanted stockings to wear and not to be looked at. We had many things of that kind.

We believed then, as we believe now, that a store needs to satisfy people's wants. But it also needs to be a bit of a three-ring circus with all kinds of attractions—displays, fairs of various kinds, authors to be interviewed, cooking in the housewares department, all kinds of things. A well-run department store has a number of those things, all the time.

Didn't the store have a live alligator? Was this one of the attractions?

Not one alligator; my uncle came up from Florida with three of them. One survived and lived to a ripe old age. It was on display for quite a while. However, it became a burden during its later years, when it was eating quite a bit of steak every day.

Another stunt we had was a whistle on the roof. We made our own steam and power in the new store, so we put up a steam whistle. One blast meant fair weather the next day, two blasts meant rain and three meant unsettled.

When and how did Federated Department Stores come into being, Mr. Lazarus?

Originally it was proposed by Paul Mazur of Lehman Brothers, who interested Louis Kirstein of Filene's, Simon F. Rothschild of Abraham & Straus, and our family at Lazarus' in joining forces. We incorporated Federated on Nov. 25, 1929, and the following February, Samuel Bloomingdale of Bloomingdale's also came in.

It was a pooling of assets. We swapped our stock in the individual stores for Federated stock, but the member stores continued to be individually run. Federated was really a holding company, organized by the heads of family-owned department stores for the purpose of diversifying their risks and investments.

It was composed of Abraham & Straus in Brooklyn, William Filene's in Boston (which also owned the R. H. White store at that time), and F. & R. Lazarus in Columbus which also owned Shillito's in Cincinnati. Bloomingdale's in Manhattan made the fourth member.

What services did Federated Department Stores perform for its members at that time?

Very few. We had a meeting once a month, and ran Federated as a committee—with the usual ineffectiveness of the committee form of organization. We had a chairman, Lincoln Filene, and a president—S. F. Rothschild. But there was nothing done except discuss and compare the results at each one of the four member stores. We left it up to the management of each store to make whatever corrections they wanted.

When did Federated Department Stores become an operating company with a central headquarters?

In 1945.

What part did you play in this?

Well, I guess I played the leading part. I became the president. Before that I insisted either that we become an operating company where somebody was going to be in charge and devote his attention to running the corporation, or break up.

We decided that we'd go ahead.

What led you to this decision?

It was the only way it could grow.

Federated's first acquisition was Foley's in Houston, right? How did this come about?

In 1941, my son, Ralph was in the Air Force, stationed in Texas. We went down to visit him.

I had never been in Texas before in my life, and I found in Houston a city about the size of Columbus. The largest store there—Foley Brothers Dry Goods Co.—was doing

(continued on page 84)

BUSINESS: A LOOK AHEAD

Bugging the farmer
(Agriculture)

Building materials battle
(Marketing)

New role for coal
(Natural resources)

AGRICULTURE

Boom in foreign travel to and from U. S. poses rising threat to American agriculture. Here's why:

Plant quarantine inspectors find school teacher returning to Miami with coffee berries to show her class. Mediterranean fruit fly, living in the berries, is deadly threat to citrus.

Pest hit Florida in 1956, took $10 million in federal, state and industry funds to eradicate. Other items:

Woman docking at San Francisco concealing Hawaiian passion fruit loaded with oriental fruit fly larvae.

Boy landing at Washington, D. C., with package of hamster feed infested with kharpa beetle, world's worst threat to stored grain.

Globe-trotting golfer with shoes encrusted with soil carrying grass cyst nematode, threat to pasture land. When West German Chancellor Ludwig Erhard flew here to visit President Johnson, quarantine inspectors found some two dozen uninvited bugs on the plane.

Agriculture Department inspectors even look over spacecraft returning from orbit. No bugs found yet.

Goodwill gesture to swap Japanese cherry trees for U. S. lilac bushes never jelled. It was nixed by inspectors of both nations.

CREDIT & FINANCE

Bank expansion in credit card field raises questions about competition in retail merchandising.

Bank of America has plan to license Bankamericard to banks nationally. Bank's chairman, Louis B. Lundborg, predicts credit cards will surpass conventional consumer credit.

Similar plan was announced last month by First Financial Marketing Group for Bancardchek, instituted by First National Bank of Boston.

Impact is questioned by Joseph Garcia, vice president-credit, Federated Department Stores, Inc., and chairman of National Retail Merchants Association credit management division.

He concedes, though, that any competition in the form of credit must have some effect. Business must be taken away from somebody.

Question is how much.

CONSTRUCTION

Attractive, durable, maintenance-free, small, single-family home within reach of the $50-a-week wage earner.

That's the next experimental goal of the National Association of Home Builders' research foundation. Project includes wide search for materials, more economical use of available land, new construction techniques and old discoveries never put into practice.

Builders buck trend toward higher construction costs, tighter labor supply and rising land costs. Take new look at "mechanical core"—heating, cooling and plumbing unit. It's been kicking around since just after World War II.

FOREIGN TRADE

State Department, Commerce Department observers and American businessmen are guardedly optimistic over long-term prospects for better investment climate in Indonesia.

Since anticommunist revolution in world's fifth largest nation, observers point to new government efforts to:

Boost exports and limit imports to raw materials and spare parts to rehabilitate domestic industry and transportation; junk prestige building projects of little economic value.

Consolidate political control; assert central bank control over foreign exchange, reschedule foreign debt repayment; normalize relations with Singapore, Malaysia, rest of world qualify for aid.

U. S. observers believe new leadership appreciates role of foreign capital in country's development.

This could mean prospects for further development of rubber, copra, coffee, tea, tobacco, coconut and oil. Less developed resources include copper, iron ore, nickel.

One business source with solid connections in Indonesia says, "Over the long term I am quite optimistic."

MANUFACTURING

Business faces stubborn problems in hiring Negroes.

This is shown by a National Industrial Conference Board study of 47 companies throughout the nation, including 33 manufacturers. Some highlights:

Experience with Negro workers is



Investment outlook brightens in Indonesia under Lt. Gen. Suharto's new anticommunist regime (see Foreign Trade).

favorable; they seek no preferences and are accepted by co-workers. But most are hired in low-paying jobs, rate low for promotion or added responsibility, are more costly to find and train.

"Problems of training, upgrading and advancement are of crucial importance today," says the study.

Well qualified Negroes are in short supply. Companies would hire more if they met requirements. Few employers favor "quotas," most insist on maintaining high standards.

New look is assignment of Negroes to jobs formerly held by whites. "Companies report favorable experience. . . ."

Pressure to integrate rose swiftly; many firms were unprepared and some still are.

They're willing to "do something," but often not as fast as rights leaders demand.

Most success was at companies where results were demanded by top management, written policies published and vigorously followed.

MARKETING

Watch for big jump in industry-wide promotion of basic materials.

Growing cost burden is too much for single companies, observes F. J. Drewes, Kaiser Aluminum marketing vice president. "I think there is definitely an accelerating trend in this direction," agrees John Veckly, U. S. Steel advertising director.

In past, his firm has promoted steel over other materials. But Mr. Veckly notes: "When you get into the competitive situation of today, steel, aluminum and others are getting more selfish in the application of their advertising dollars and the objectives they set up—to sell their own services and wares."

Result: More basic promotion by industry associations.

As sidelight, United States Steel experiments with public relations effort zeroed in on opinion leaders in academic community. Object: To counter public ignorance of pricing, profits, foreign competition.

In humorous ad, wife urges husband to buy new refrigerator because U. S. Steel needs the money.

In another, European share of U. S. steel market is lamented—by Japanese businessman.

NATURAL RESOURCES

Production of gas from coal is inching closer to reality.

The coal gassification research effort of the Office of Coal Research and the American Gas Association has already proved the process technically possible.

Industry sources predict that full-scale production experiment will soon be developed to test plant operation and economics of the process.

Importance of the development is seen in the prediction of one outside economist that the country faces critical shortage of natural gas in the next decade.

"In about 10 years the tub will begin to go dry," notes Prof. Ross J. Wilhelm of the University of Michigan, citing increased consumption, a drop-off in discoveries of new fields and government price regulation that discourages exploration.

TRANSPORTATION

Trans World Airlines didn't realize it would be getting into the education business.

But as new types of aircraft are introduced, TWA will provide training or training materials for other airlines flying the same equipment.

It all started about three years ago with a big TWA investment in flying education.

The airline's training staff studied "programed learning," hired consultants on objective-setting and task analysis, cranked in past training experience and came up with a new ground school system.

Lesson plans and training aids were developed for a system emphasizing proper sequence in presenting bits of knowledge and instant measurement of student reaction.

Company-designed "classroom responder," system of buttons and lights whereby students answer questions flashed on a screen, helps instructors measure comprehension as lessons progress.

TWA says this cuts down training time by a third, boosts comprehension.

The airline only hopes to break even on its education operations.

Recently American, Ozark, Northeast, Swissair and Eastern were participating or considering doing so.

WE CAN'T
THE ROAD



FIX UP S.

But we can give you a tire that takes any road in stride: The Workhorse. The tough-job tire for pickup & delivery work. Strong nylon cord body resists scrapes and bruises.

Pickup and delivery work can be pretty rough going. Over back roads. Construction sites. Cornfields. Railroad crossings. Fallen branches. Sharp rocks. Potholes. Ruts. Curbs.

That's where the Workhorse tire really comes through. The triple-tempered cord carcass shrugs off the bruises, bumps and scrapes.

Up to 25% more mileage.

You can drive the Workhorse hard. Hit the brake. Step on the gas. The Workhorse is built for the stop-and-go grind of pickup and delivery.

In addition to triple-tempered nylon, the Workhorse has Tufsyn, toughest rubber Goodyear ever used in tires. And more of it—in the right places. 20% deeper tread. Thicker undertread, too. Up to 25% *more rubber* between the cord and the road. The Workhorse delivers up to 25% more mileage than tires now used in most pick-up and delivery work.

Light trucks don't always travel light.

That's OK with the Workhorse. It's no Sunday tire. Pile on the tools, appliances, sand and gravel, camping equipment, logs or livestock. The Workhorse has stronger sidewalls for extra load-carrying strength. Helps you haul more. In fewer trips.

What's the price?

No more than an ordinary tire. Prices start at less than $15.00.*

If you drive a pickup, panel, or light delivery truck—get the tough-job tire. The Workhorse, at your Goodyear Dealer's or Goodyear Service Store. Goodyear, Akron, Ohio 44316.



The Workhorse tire gives you a choice of two tread designs: Extra-traction design (shown above) for on and off the road. Rib type for on-highway work.

*(Size 6.00 x 16. Rib-type. Plus $2.40 federal excise tax. At all Goodyear Stores. See your local Goodyear Dealer for his "competitive" prices.)

GOODYEAR

Tufsyn, Workhorse—T.M.'s The Goodyear Tire & Rubber Company, Akron, Ohio

REMAKE THE MAP

continued from page 33

community district planning funds from its own budget, already can assist small towns and cities, counties, groups of counties or any other type of region.

Half of the grants made through fiscal 1965 ($43 million) have gone to 4,500 small communities and counties. Of the remainder, $23 million has gone to 130 metropolitan and regional planning areas, and $15 million to 30 states for state-wide and interstate planning.

Significantly, the original Administration bill gave the Secretary of Agriculture authority to carve out districts, with HUD concurring, where it would not conflict with state action.

The Senate trimmed this power and House lawmakers sought to insure greater local initiative in designation of Community Development Districts.

A former Agriculture Department official observes privately that the authority originally sought would have by-passed the states. This is further evidence of the bias toward federal dominance in the program.

Look at a few programs that already require local governments to submit plans to Washington to get approval of federal aid projects. It gives some idea of the size of the carrot and stick:

Highway programs in metropolitan areas; grants and loans for public facilities and subsidies for business in depressed areas; a large array of community development projects run by HUD, which require a federally approved "workable program" of local action; sewer and water facilities and outdoor recreation.

Opposition on quite different grounds is expressed by one federal official—who can't be publicly named. He is thoroughly familiar with the legislation.

"This whole program is preposterous," he declared privately to NATION'S BUSINESS.

"There are some fuzzy notions in this legislation that the community development districts, backed up by the Agriculture Department, can function as a supercoordinator."

This official views the program as an attempt by the Agriculture Department to find another job as farming declines and believes the planning that will result will be no better than the product under the now defunct Area Redevelopment Administration. This was an agency set up to aid high unemployment, economically depressed areas.

Carving up the states

"There is a big danger today that the states will be so divided, redivided and subdivided" that the efforts of local, state and federal governments will be dissipated, he adds.

Scarce leadership talent at the local level may be spread thin among antipoverty boards, economic development committees, planning groups under various programs. "It's a real potential problem."

One are of possible overlap is the program of Commerce Department's Economic Development Agency, which restricts its development districts to regions containing areas with high unemployment or low income.

EDA provides planning, too, as well as facilities grants and loans, but stresses private effort—while the Agriculture Department stresses government. Yet their programs are similar.

You could have an Economic Development District (EDD) overlapping a Community Development District (CDD). Or a CDD in an EDD. Or a CDD and an EDD with identical area and boundaries.

No conflict, says the Economic Development Agency. If the districts were identical, one agency could handle both programs at the local level. For planning, the Agriculture Department could furnish funds. Or the Commerce Department (EDA). Or they could share the bill.

There is the difference that EDD's are vulnerable to economic progress. A big batch of formerly eligible areas were scratched last month because of reduced unemployment.

CDD's, by contrast, aren't affected by economic conditions even though the legislation was backed up by a presidential message reciting high incidence of poverty in rural areas.

Nor do they have to be especially rural. Nothing in the legislation limits the program to the countryside or sets maximum size for cities participating.

Business implications of the Community District Act lie in its combination with another program of the Rural Community Development Service—the Rural Industrialization Service announced this spring by Agriculture Secretary Freeman.

Mr. Freeman describes new moves to put industry in the countryside so that "meadowlarks (will) fly over manufacturing plants, and the call of the whippoorwill will blend with the cry of the factory whistle."

His department recently was working up brochures touting its expert ability to help business locate in the country.

The brochures cover rural labor supply, government training programs, state, local and federal financing for industry, industrial sites, water and other resources and transportation.

RCDS staff will contact the businessman seeking a site, says Mr. Lewis, and will "help him pick the site that best suits his needs."

How does this tie in with community development districts?

Mr. Lewis explains that the planning and resulting improvement in government facilities and services should make an area more attractive to industry.

Then the rural industrialization staff will do the promotion work.

RCDS has already tried to become a broker for all government programs applicable to nonmetropolitan areas.

A guide to the handouts

Discussing a range of programs before a group of small-town officials, Mr. Baker once said the agency would be "an extra helper for you to try to pick and choose from this supermarket or cafeteria line the different parts of all these programs of the federal government that will help make sense and revitalize your rural area."

The House subcommittee on agriculture appropriations apparently isn't sold—so far. It slapped down the agency earlier this year for expanding its staff beyond its appropriation allowance, and lopped off nearly $3 million requested for expansion.

The appeal of federal program-peddling can be hard to beat, however, as Vice President Humphrey once recalled in an exuberant speech to a group of small-town officials.

"I used to feel that my number one assignment as United States Senator was being able to shepherd the people through Washington who came in from Minnesota. You would be surprised how much good politics there is in that. . . .

"If you can get them there fast enough, to the right fellow, who has got the 'mostest' to offer at the right time, you have done quite well for everybody." **END**

What's come over steel?

The new Lyon concept:

QUIET STRENGTH . . . WITH FLAIR!

You're looking at the forerunner of what others *may* offer in steel furniture... later! Every inch is *totally* new; freshly designed to provide greater strength, soundproofing and elegance per dollar than ever before!

Lyon desk tops are sturdily constructed of two layers of steel, the lower layer continuously ribbed for maximum strength. We made them the main structural member, from which all other members stem. Result: the greatest beam and torsional strength in the industry.

Back panels are double wall type, with honeycomb filler for complete soundproofing. Lyon pedestals are continuous-welded tubular structures which completely gird the front opening. These too, are *fully* sound proofed. Our exclusive "lock-in-top" feature controls *all* drawers, provides for interchangeability of pedestals.

We've sculptured our steel carefully, for less massive appearance, more leg room. Complete serenity is provided by double-walled drawers, lubric plastic glides, and rubber bumpers. To top it all off, there's a choice of 9 lustrous 100% acrylic finishes that will last with the furniture.

Can such features come without a premium price? Certainly! See your Lyon office furniture dealer! Ask him about the "unprecedented 7*" Lyon advantages.

*Patents Pending



LYON OFFICE FURNITURE

Showrooms: New York, Chicago, Los Angeles

LYON METAL PRODUCTS, INC.
746 Monroe Avenue, Aurora, Illinois

☐ Send my free copy of your full color brochure.
☐ I'd like the name of my nearest dealer.

Name_____

Address_____

City_____ State_____ Zip_____

Looking for a plant site?

New York State has over 100 specialists to help you...confidentially and without charge.

Collecting facts about plant sites? Get free help from one of the most experienced groups of industrial-development specialists in the business. Simply write the New York State Department of Commerce.

Areas of specialization

Our staff is fully qualified to undertake detailed analyses of raw materials, natural resources, prevailing wage rates, taxes, labor availability and available plant sites. They can also supply detailed information on population, transportation costs, community characteristics and selected market data.

Hundreds of reports prepared

The department also prepares confidential site surveys "to order." They include the whole range of information needed when considering a plant site. They also include information on the New York Job Development Authority, which helps finance new or expanding business through a $125-million fund.

Complete secrecy maintained

To maintain complete secrecy, only a top staff member handles all letters. He assigns each request a code number, and it is by this code that your request is known.

FREE BOOKLET. "Industrial Location Services" describes our Confidential Site Survey in more detail. Write for it today on your letterhead. We will also send a full-color, 30" x 40" physical map of New York State and surrounding areas.

Or, if you wish, have your banker or broker contact us on your behalf. We are happy to work with responsible third parties. Write or phone Commissioner Keith McHugh, Room 152, State Department of Commerce, 112 State St., Albany, New York 12207. (Phone: 518-474-3777)

DISCOVER WHAT'S NEW IN NEW YORK STATE

RFK: BUILDING HIS OWN PARTY

continued from page 39

tive of Iowa's Second District. In the winter of 1958 an ebullient Wyoming lawyer, a World War II Silver Star winner and state Democratic chairman named Teno Roncalio, was up on the ski-range at Aspen, Colo., when he got word that somebody named Ted Kennedy of Boston was in Denver and wished to "talk politics."

"I came right down the mountain," Mr. Roncalio tells the tale. "I met Ted. I already knew Jack, who had been into Wyoming to help out the ticket. Those fellows captivated me, and I signed up to work for them. At the '60 convention, it was the Wyoming vote that gave Kennedy the nomination."

In 1964 Mr. Roncalio also won an election and took his place as Congressman at large for Wyoming.

A young Seattle lawyer, Brock Adams, had a partner who'd known Jack Kennedy in his Navy days. He became a Kennedy campaign manager in 1960, was appointed a U. S. District Attorney in 1961, thereby working for John Kennedy and under Bob Kennedy. In 1964 Adams was elected to Congress from the Seventh District of Washington State.

Back in the late 1950's Ted Kennedy's roommate at the University of Virginia Law School was John Tunney of Connecticut, son of the former world's heavyweight boxing champion. The young men and their wives were intimate friends. Young Tunney worked for the Kennedy campaign of 1960 and then moved to California. President Kennedy put him on the Committee on Juvenile Delinquency and Youth of which Robert Kennedy was chairman. In 1964 Tunney was elected Congressman from California's Thirty-eighth District.

The list could be almost indefinitely lengthened and would only repeat the story of the formation and the gathering of Kennedy protégés. Several more are in the House, many in State legislatures and in the city and county courthouses, a few other places of influence like newspaper front offices.

One hears of the 71 Democratic freshmen who supposedly rode in on Johnson's coattails in '64, but how many—like Roncalio, Culver, Adams and Tunney—are Kennedymen, not Johnson followers at all?

What Kennedymen are like

Kennedymen are not mercenaries nor any variety of political henchmen. Nobody "owns" them or controls their votes. They do not hold meetings or spin conspiracies. Nevertheless, they admit, if pressed, a sense of affinity with the House of Kennedy and, in some instances, an estrangement from Johnson if only because the President descends from the long-ago New Deal and because his Administration marked the end of the New Frontier.

"I'll tell you what we are," said one of them. "We are the political generation of 1945, and John Kennedy was the forerunner of us all. All of us have professions, and some have family wealth. We're not in politics as mere office seekers. We're there to affect the environment of our times. We saw how the peace was lost after World War II, and we're skeptical of hawkish, quickie decisions. We believe in economic and social solutions at home and abroad. We remember that John Kennedy wasn't the favorite to win when we joined him. Our loyalty is all the stronger because of everything that's happened since. We feel we were right when others were wrong. John Kennedy really was what we'd like to think we are too. He was at once a practical politician and an intellectual."

How is Bobby Kennedy attempting to carry out this philosophy?

He was, from the moment he officially set foot in the upper chamber, a lot more than junior Senator from New York. It was inevitable that he would bring change and challenge to the Democratic Party under the leadership of Lyndon Johnson.

What change? What challenge? First, change and challenge at the top, for Senator Kennedy today desires most passionately to become President—as he views it the office of his brother, the office to which he feels himself being propelled by unwritten laws of accession and retribution and by the faith of countless believers in him. Change at the top means, of course, that Mr. Kennedy intends to replace, or succeed, LBJ and to fight Vice President Humphrey for the succession.

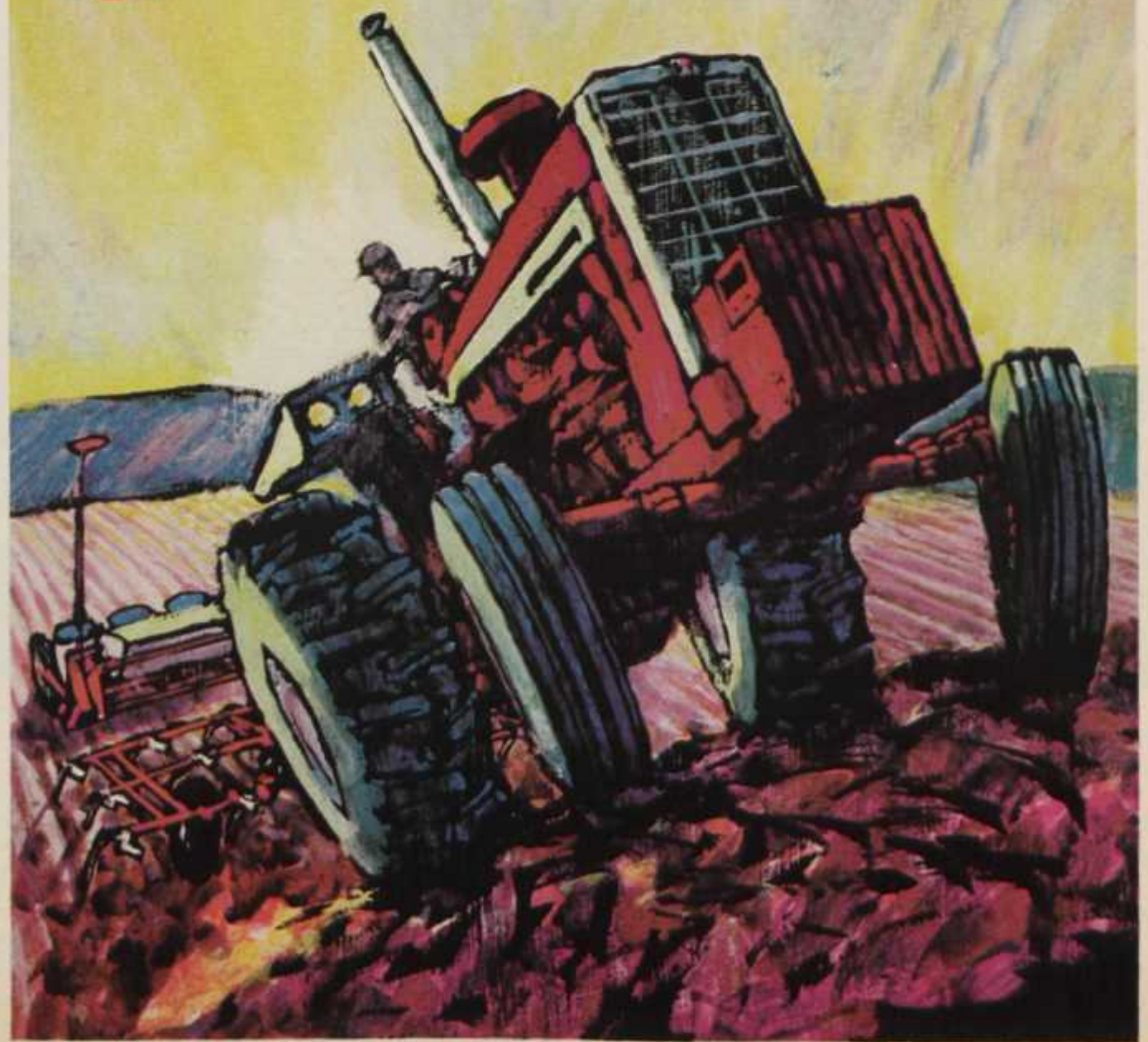
But it also means the visible delineation of a New-New Frontier. The outline of left-of-Lyndon stronghold, to which Kennedymen in and out of public office can repair, becomes discernible in Kennedy's actions and statements during 1965-66.

In domestic affairs, Kennedy has

space scientist

There's a new dawn on the farm. There's a new breed of farmer who turns space into profit through science. With modern, highly automatic equipment, with a degree in agriculture, he's taking on more land, making every acre work harder. Expand, mechanize, specialize. That's the name of the game on the farm now. His machines? Likely International Harvester. Perhaps the Farmall® 1206 Tractor, pictured here with turbocharged diesel. Designed for high-speed, 7-plow field work, the 1206 is one of the big, new IH machines for the big new way America is farming now. Our job is POWER—providing dependable mechanical power geared to *today!*

International Harvester puts power in your hands





Secaucus Treatment Works, Town of Secaucus, New Jersey • Engineers: Mayo Lynch & Associates, Inc. • General Contractors: Kuchar Brothers

The Otisphere can be very down-to-earth.

You don't need a multi-story monument to qualify for the Otisphere.

Even if it's only a few floors high, we're interested in your building. Wherever it is.

And we'll put at your disposal the world's most efficient elevatoring system to solve the problem. We'll custom-design an answer to meet your particular building's needs. No more than it needs. And no less.

That includes anything from a low-rise hydraulic or electric elevator to the newest Otis electronic advance: "INSTANT ELEVATORING."*

So whether you're 3 stories—30—or even get up to 300—call your Otis man. He can help.

And you'll find he can be very down-to-earth.

Otis®

Electric and Hydraulic Passenger and Freight Elevators • Escalators • Moving Walks • Dumbwaiters • Elevator Modernization and Maintenance
Military Electronic Systems • **Gas and Electric Trucks by Baker Division** • Otis Elevator Company, 260—11th Avenue, New York, New York 10001

*Trademark of Otis Elevator Company

RFK: BUILDING HIS OWN PARTY *continued*

consistently outflanked the President on the liberal side. The freshman New Yorker had been a Senator only two months when he proposed an Appalachian Regional Development Act amendment which added 13 New York counties to the coverage in that bill.

The boldness was surprising in a newcomer. With this one stroke, unopposed by the flustered Democratic leadership, Senator Kennedy made a land-grab that benefited his adopted constituency, established himself as an extender of the Johnson welfare state and asserted his power in the Senate. Thereafter, through two sessions, he regularly asked for more of practically everything that President Johnson demanded in funds for education, health and housing.

When Hubert Humphrey and the Administration forces faltered on the repeal of the Taft-Hartley Act's section 14(b), Senator Kennedy stood firm and gained favor which the President lost with the union bosses. When the Administration proposed an auto safety bill, Mr. Kennedy was for tougher federal regulations. It might seem difficult to out-liberal the Great Society, but Senator Kennedy did so on virtually every issue.

In foreign affairs, the Senator rarely if ever has missed a chance to make Mr. Johnson look heavy-handed, intractable and trigger-minded. When the President sent troops to the Dominican Republic, Senator Kennedy in a floor speech declared that the Organization of American States should have been consulted before, instead of after, the landings. He was not a signer of the 17-Senator letter that asked Mr. Johnson to extend the Christmas bomb-pause in North Viet Nam, but he told the sponsors he was with them in spirit. His proposal to bring Red China into a disarmament conference gave the Administration a rude start. His Latin American tour in the winter of 1965 and his South African trip this summer were open bids to outshine the President as a world figure.

Significantly, in Latin America, where the Kennedy name is magic, the Senator preached for more welfare, less military intervention and a passive acceptance of a pro-communist government if it should be elected in the Dominican Republic. All of this directly challenged the President's positions and made his course the harder.

Senator Kennedy's open break with President Johnson's Viet Nam policy came in February, when he proposed to admit the National Liberation Front, the political arm of the Communist Viet Cong, "to a share of power and responsibility"—a communist coalition government. By this time Mr. Kennedy had already, without seeming to try, moved into serious contention for the Presidency—not, it should be noted, for the distant year of 1972 when Mr. Johnson's tenure would end, but for 1968.

A secret Senate huddle

Dick Kirkpatrick, Washington bureau chief for *The Cincinnati Enquirer* described "from an impeccable source" a get-together of several Democratic Senators:

"They were huddled to discuss how the Viet Nam War can embarrass President Johnson and how Sen. Robert F. Kennedy might push Vice President Humphrey aside at the 1968 Democratic Convention.

"Also, they were discussing what a good possibility it is that Senator Kennedy might even be boosted to replace President Johnson at the 1968 convention—rather than wait until 1972."

In sum, the fraternity of Kennedymen has now grown beyond the original grouping of personal friends and political beneficiaries. Mr. Kirkpatrick was restrained by confidentiality from naming the huddlers, but they included Senators Morse, Hartke and Burdick.

"I will support (Robert Kennedy) for the Democratic nomination for the Presidency of the United States in 1968," Senator Morse declared before the Oregon Democratic platform convention last March. While Senator Morse is an erratic and irascible figure, not considered influential in party circles, this is one time when he is far from being a loner.

There will likely be more huddles of Kennedymen to map the full strategy for what could be the most spectacular political assault of our time.

With its 67 Senators, 293 Representatives and 33 governors the Democratic Party looks like a colossus bestriding American politics, but the figure of speech would express rigidity and inertness which are not there. Today, dynamic forces are at work and most seem to relate to the Kennedy-Johnson conflict.—HOLMES ALEXANDER

More than just a telescope...
More than just a microscope...

Emoskop: a complete vestpocket optical system.



ONLY $12.95 With Case

We went to Wetzlar, Germany (world capital of fine optics) to find such perfection. Remove the EMOSKOP from its fitted leather case and it is a 30-power microscope. A twist of the wrist converts it to a 2.5-power telescope (ideal for theater, field and sky). Another twist and you have a choice of magnifying glasses: 5-, 10-, or 15-powers! ☐ The perfect vestpocket companion for exacting professionals and scientists, and all those who wish to observe anything more closely and clearly. ☐ A most discreet opera glass. ☐ If you make a fetish of quality, the EMOSKOP will do you proud. Five coated lenses, fully achromatic, absolutely flat field. ☐ Modern Photography Magazine calls the EMOSKOP "... the only magnifier worthy of the name." ☐ Haverhill's guarantees your satisfaction without qualification.

INSTANT ORDER BLANK — NB7

Mail to: HAVERHILL'S
526 Washington St., San Francisco, Calif. 94111

Send me _____ Emoskop Optical System(s) @ $12.95*
☐ I enclose check or M.O. plus $1.00 for post. and ins.
☐ Bill Diners' ☐ Bill Amer. Expr. Acct. # _____
*(California residents add 4% sales tax)

NAME _____
ADDRESS _____

Haverhill's
Searching the World to bring you the Finest

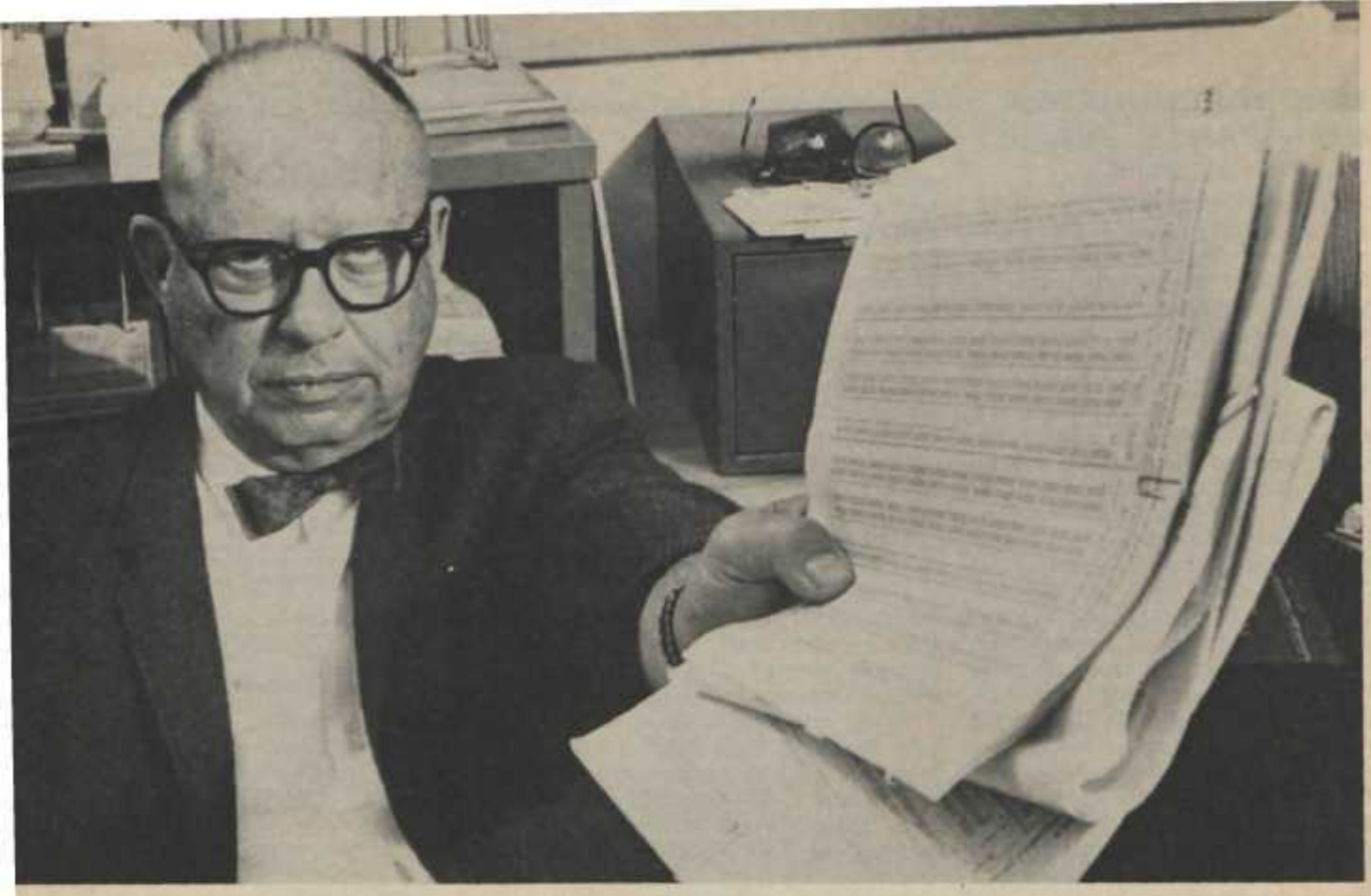
Low price time clock helps small companies meet strict requirements of wage hour law



LATHEM TIME RECORDER COMPANY
2135 Marietta Blvd. NW, Atlanta, Ga. 30325
Please send me complete information and prices, also payroll time card samples.

Name _____
Company _____
Address _____

Lathem
TIME RECORDERS
PROGRAM TIMERS
TIME STAMPS
WATCHMAN CLOCKS



Government tightens the red tape noose

Still more government rules are in prospect for businessmen already entangled in forms and regulations

Pharmacist E. Robert Feroli prescribes two over-the-counter remedies to ease the headache of doing business amid today's complex and ever growing government controls, paperwork and regulations:

"First," he says, "get yourself a good sense of humor.

"Then get yourself a damned good accountant."

Mr. Feroli is fortunate. He has both. And each has served him well in the two and a half years since he took the "big jump" and bought his own drugstore in a Baltimore suburb.

"When you start cold, you discover there is more government red tape than you ever dreamed existed," the 42-year-old druggist explains. "Some of the regulations I still don't understand. Forms or notices come in and I just toss them into the basket marked 'Accountant.' If I tried to handle it all myself, I'd have to work a lot more hours and even at that my business would probably suffer.

"What I have done is hire someone else to do some of my worrying for me—so that I can have the time I need to devote to my store."

Pharmacist Feroli's situation is both typical and atypical. Most business and professional men would agree with him that the load of governmental regulation is burdensome indeed. But, unlike him, many smaller operators cannot afford to hire experts to help them carry the pack.

One thing is certain. Business-



Business feeling about government control and paperwork ranges from outrage to annoyance. D. J. Spensley (opposite) thinks IRS should pay him for the time he spends in withholding taxes from employee payroll. Retailer Ted Davidov (above) finds forms, regulations a costly time drain and druggist E. Robert Feroli consults an accountant for help in easing the headache.

men, small and large, are finding that they—or their employees—must paddle harder every day just to keep their businesses afloat in the constantly rising sea of government-generated forms, rules, information requests, law changes, investigations, licensing requirements, bulletins, hiring regulations and, as one harassed entrepreneur put it, "God knows what else, or what next."

Significantly, Congress this year, through new laws, has been creating still more red tape for more businesses. And additional controls and paperwork could flow from a number of key proposals still pending.

To name just a few: premerger notification, price rise prenotification and the so-called truth in packaging bill.

Red tape at all levels—federal, state and local—is a growing hazard to the profits of business, and even to its survival, to hear some businessmen tell it. Many take Mr. Feroli's philosophically tempered view and employ staff specialists to struggle through the many forms and directives. Others grumble, but do the job themselves. A few, like dry cleaning plant owner D. J. Spensley of Waterloo, Iowa, feel so heatedly about it all that they have decided to fight The System.

The Spensley case may be the most flamboyant of recent years. He argues that the federal Internal Revenue Service is making "part-time slaves" out of employers by requiring them, without compensation, to withhold money from employee pay checks for social secu-



Here's the adding machine for the man who needs everything.



Not just adding, subtracting and multiplying, but business records, statements, and reports of every conceivable kind. Everything a computer can do. This NCR adding machine has an amazing faculty. It prints unique type that can be read by computers. The man who needs everything just mails the tapes to the NCR computer center. Everything is what he gets. For details write NCR, Dayton, Ohio.

NCR

THE NATIONAL CASH REGISTER CO., DAYTON, OHIO 45409 ®

LARGE CORPORATIONS MAKE EVERY OPERATION (even spending money) SHOW A PROFIT!



That's why so many of them lease trucks under this sign of full-service!

"Blue Chip" firms have discovered that in leasing **only** the truck (finance contract), **just 20% of truck costs are covered!** NATIONALEASE FULL-SERVICE TRUCKLEASING covers **100%**—EVERYthing but the driver!

Whether you're a large corporation or small, need one truck or a fleet, RENT or LEASE, the best SERVICENTER facilities, locally owned and controlled, are yours when you contract for **preferred** NATIONALEASE full-service truckleasing.

FREE! Write on your letterhead, for Visorfold Map, spotting over 250 NATIONALEASE SERVICENTERS—plus authoritative LEXICON of Truckleasing terminology.



RENT or LEASE a new CHEVROLET or other fine truck

Local control—National expertise

See Yellow Pages or write.

National Lease

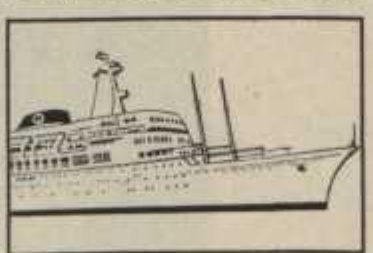
NATIONAL TRUCK LEASING SYSTEM

Serving principal cities of the United States and Canada

23 E. Jackson Blvd., Suite E-7, Chicago 4

SEAGOING SALES MEETINGS

On America's Newest Liners



ss Argentina and ss Brasil have everything for business with pleasure. Main lounge seats up to 450, also smaller rooms, printing press, typing... audio visual theatre. Everything air conditioned. Sit in the sun in between meetings, eat good American food, swim, dance, be entertained royally. Doesn't cost a penny more, maybe less... Call or write George Reis at

MOORE-McCORMACK LINES

Two Broadway, Dept. NB-7, New York 10004 · (212) 363-6500

ALL MOORE-McCORMACK SHIPS ARE REGISTERED UNDER THE FLAG OF THE UNITED STATES OF AMERICA.

GOVERNMENT'S RED TAPE NOOSE *continued*

rity and other federal programs.

He figures he has spent at least 800 hours on tax-withholding for his 20 employees over the past five years.

"I have been doing government work without pay," Mr. Spensley fumes. "Involuntary servitude. A violation of the Constitution. I can't charge up this time as a business expense, so I have tried to collect for it. But Washington says I am not a federal employee and they won't pay me." (His bill for $3,000 in "unpaid wages"—figured on the basis of what an average Internal Revenue Service agent would get per hour—was flatly rejected by the District Director of Internal Revenue in Des Moines.)

Other employers also characterize themselves as involuntary "tax collectors" or "bookkeepers for the federal government," but when it comes to taxes most are more critical of the amount, type and disposition of the taxes they must pay than they are of the collection method itself.

"Business gripes about government usually turn out to be a gripe about high taxes when you really press the point," says a staff aide for the House subcommittee on census and government statistics. He interviewed many businessmen while prowling for information in the subcommittee's three-year probe of what it terms the "federal paperwork jungle."

"I'd go in to see a businessman and invariably, when he'd start to complain about government control, or paperwork, it wound up being a protest against taxes. This could have been due to the fact that he was paying an accountant to work out details—while he was most aware of his total tax bill, and how government was spending it."

What bothers business

In some cases, NATION'S BUSINESS finds, employers register their strongest objections over the tax they must pay into unemployment compensation reserves. One retailer, for example, says he considers it unfair that he must pay a high unemployment compensation tax rate in a field where many of the less experienced workers who periodically go on and off his payroll are able to draw almost as much being idle as they can by working.

Complexity is criticized, too. The



Richard P. Hoyt, Production Control Supervisor, Seitz Manufacturing Company, Milwaukee, Wisconsin, uses the McBee '360' System to give him complete control over all phases of plant operation.

"A McBee '360' System helped us double production. By giving us organized control of work and costs. Quickly. And inexpensively.

When you're a growing hydraulic cylinder manufacturer, getting new business is just half the battle. You also have to deliver the goods. And our rapid expansion had created problems that our old ways of doing things just weren't up to. Our doubled production made it necessary to keep materials flowing and work stations operating at maximum efficiency to meet delivery dates. We needed a system that could give us organized, up-to-date reports. Reports we could use when we needed them.

The McBee '360' gave us what we were looking for. By giving us control over scheduling and costs, it helped us load the shop effectively by work stations, project accurate delivery dates, and control labor distribution and job cost. And it helped increase our efficiency by giving us reports on each station and worker. Our staff can refer to it instantly. No outside service is needed.

So far, we have doubled our production without the strains and inefficiencies so typical of a rapidly growing business. And we see no end in sight.

Over each of the next five years we forecast a 20% increase in business. The '360' will help make it possible. After all, it's prevented growth pains and pointed the way to a more profitable future operation. All easily, inexpensively and mechanically. What more could you ask from any data processing system?"

Cards are run through the '360' Tab/Punch Reader to be added and code punched for amounts. Afterwards, cards can be summarized by desired categories quickly and easily.



Keysort cards are periodically sorted into desired categories for subsequent tabulation. With the Keysort method a clerk can sort large numbers of cards in minutes.



McBee Systems, Dept. 22GD
A Division of Litton Industries
Practical Methods Center
Athens, Ohio

Gentlemen:
Please send me full details on your low-cost '360' System and the address of my local McBee District Sales and Service office.

Name_____
Title_____
Company_____
Street_____
City_____ State_____

McBEE

GOVERNMENT'S RED TAPE NOOSE *continued*

owner of stores on two busy corners of the nation's capital contends that "a man could go nuts" trying to comply with complicated features of some of the more recent government regulations.

As an example, he cites a change in the tax law which requires a separate accounting of all tip income received by soda fountain employees in excess of $20 a month. "The effect of this," he explains, "is to compel 20 fountain girls, and me, to keep individual daily records of the tips they receive. The regulation penalizes the more efficient girls, since they get the bigger tips but then must pay more in taxes."

The businessman says IRS now is sending out investigators to check on tipping operations at his and other fountains. "Falsification of records could lead to stiff fines—up to one half of a girl's total income—but still there is no doubt in my mind that this kind of regulation will eventually cause fountain employees not to report all the tips they get," he asserts.

In its paperwork aspects alone—though the federal government has manfully mounted a corrective counterattack—the problem appears to be a bit like trying to kill a worm. You can chop the thing in two, but then both parts go wriggling off in opposite directions. Thus, when the Bureau of the Budget happily announced in Washington last year that it had eliminated no less than 510 federal reports, it had to be somewhat sheepishly footnoted that new legislation, including medicare, had spawned 475 new reports.

Perhaps the only people pleased about governmental red tape are the tax lawyers, certified public accountants, bookkeepers and other experts retained by businessmen to help them make sense of it all. Business' need to snip the lengthening strands of red tape has made these specialists hard to come by in some areas even for part-time assignments. And some of them now working for business complain of "intricacies," "complications" and the dangers of misinterpreting government's varied directives and regulations.

The general counsel of a major trade association in the retail field calls government impacts on business "enormously complicated." In many instances, he says, they go "totally beyond the competence of a local attorney or accountant unfamiliar with the ins and outs of such things as the wage-and-hour laws, corporate tax practices and Federal Trade Commission requirements." Some smaller firms turn to their trade associations for help, or buy special informational services geared to the job of untangling "Washingtonese."

"The Fair Labor Standards Act alone has produced a lot of really tough problems," this official continues. "Consider the problem of determining a so-called 'regular rate of pay' for an employee. You can't just take his total weekly wages and divide by 40. You have to factor in all the fringes, time off for coffee breaks and the rest. It is clear from what we know now that even the smallest business, in the future, will have to depend more on tax advisers and accountants and legal advisers, and all kinds of specialists to resolve these problems. This, in turn, will cause many more small companies to merge with larger firms, because the larger firms are generally better staffed and better equipped to handle regulations. In fact, this is happening already. It's a big cause of the merger boom of recent years."

Bryan H. Jacques, staff director of a House select subcommittee that has been looking into the problems of small business, concurs. He says many governmental regulations are "so technical that some small businesses are not complying with them and don't even know that they aren't."

Big government has big appetite

Big government's hunger for information is a major reason why "one hell of a lot of time is being spent by business in handling government paperwork," according to Rawn Brinkley, executive director of the National Association of Accountants. "It's more all the time," says Mr. Brinkley. "More reports, more surveys, more questionnaires, all coming on top of the paperwork generated by management itself."

Many businessmen maintain that while there may have been some modest improvement in the federal paperwork load in the recent past, this relief is being offset by surges in the amount of regulation and paperwork required of business by state and local governments.

A NATION'S BUSINESS editor who talked with business operators about the problem found that some were regularly paying various municipal and state business license charges without knowing what the licenses cover.

The harassed proprietor of a drugstore chain who had to be interviewed on the run in one of his stores hastily sorted through papers scattered on his desk and plucked out a bill from his state government. "I've been getting this every year and sending in 10 bucks, but I have to admit I really don't know what it's for. You get so much, and there are so many returns you have to make—quarterly income tax returns, withholding statements, sales tax records, unemployment compensation, workmen's compensation, cigarette licenses, occupancy permits." Winded, he turned toward his bookkeeper who was busy nearby with employee pay records.

She glanced up, her face expressively taut. "It's one big fat nuisance," she exploded, then resumed her work.

Catching his breath, the store owner continued, "And the inspections by different government people—everything from health to taxes."

"Yes, and they always come in when we least expect it," his bookkeeper groaned.

The operator of a retailing chain in the Southwest had to close one of his stores for two weeks while he, an assistant and an agent from the U. S. Labor Department painstakingly went over his records to make sure he wasn't breaking rules on employee overtime pay. The records were found to be okay, but his store had lost two weeks of irreplaceable income.

Other proprietors point out that most businessmen have to keep "records of records"—one for the government and one for their own files.

This adds to the general burden, they complain, and often means that a man or woman hired to do a profit-productive job—like selling—gets pinned down doing nonproductive paperwork.

The amount of regulation and paperwork a businessman must cope with varies, of course, depending on what kind of business he's in, where his business is located, how big it is and other factors.

At Bob Feroli's neat, fountainless drug store near Baltimore, the sources of governmental pressure are three—federal, state and county. Because his store is basically a drug-dispensing center (62 per cent of its volume in prescriptions) and because his training was in pharmacy, he prefers to spend most



This businessman is enlisting a 90-day wonder... A Trusspan Building.

And there's a good chance the Trusspan man can help you get it up sooner than that!

Our man has been thinking about your needs for a long, long time—and he's ready with *modular* TRUSSPAN components that will go up fast, in just the arrangement and size you want!

Call in our TRUSSPAN specialist, right now. He's a sleeves-up guy who will stay right with you through every stage of planning and construction — help out on engineering problems, do all the liaison with our plant, and coordinate delivery of building components to match your construction schedule.

He's not done then, either — because he can also *equip* your building out of the complete Republic line of office, storage, and material handling equipment. Whatever it is — one order through the TRUSSPAN man will put it in your new building!

In fact, the TRUSSPAN man will work that closely with you, you may want to invite him to the official opening ceremonies.

This STEELMARK of the American Steel Industry on a product assures you it is modern, versatile, economical Steel. Look for it on products you buy.

REPUBLIC

MANUFACTURING DIVISION

REPUBLIC STEEL CORPORATION

Youngstown, Ohio 44505

THE MAN FROM MANUFACTURING®

®A Trademark of Republic Steel Corporation

GOVERNMENT'S RED TAPE NOOSE *continued*

of his time compounding prescriptions.

Mr. Feroli feels that the typical accountant employed by small business "kind of barters with governments." The accountant keeps the books, handles the tax forms, looks for the legitimate tax savings.

He recalls that on the few occasions when he has taken a hand in processing official paperwork it has led to frustration and irritation with bureaucratic methods. "Once," he recalls, "I ordered 15 W-4 forms (federal employee's withholding exemption certificate) by mail and got back 50 instead. Now it even makes me a little mad to have to put my own postage stamp on some of the envelopes going back to Washington."

Sampling Mr. Feroli's forms

From files in the small office behind his prescription counter, Mr. Feroli picked out various records and notes to illustrate the formal ways in which governments affect his daily life. Here are some of the items required of him as the operator of a store with 10 employees:

- Pharmacy license (state).
- Sales tax license (state).
- Cigarette licenses (two—state).
- Trader's license (state).
- Personal property tax (county).
- Federal corporation tax (annual).
- State corporation tax (annual).
- Federal small business corporation insurance (Form 1120-S).
- Monthly federal deposit of check for federal income taxes withheld from employee pay.
- Employer's quarterly federal payroll tax return.
- Annual federal reconciliation of income tax withheld from wages.
- State quarterly income tax return.
- State unemployment compensation report.
- Annual employer's federal unemployment tax return.

Mr. Feroli estimates that it would take at least twice the 10 to 12 hours a month that his certified public accountant puts in on his business if he were to handle the government papers, licenses, forms and regulations himself.

More pressure in sight

The regulation load on smaller business is likely to be greatly increased this year if Congress passes and the President signs the pending extension of minimum wage provisions under the Fair Labor Standards Act. What's at stake is a proposal which, over a period of two years, would extend coverage of the minimum wage to many thousands of now uncovered businesses doing an annual sales volume of $500,000 or more and later $250,000 or more, instead of the $1 million cutoff point now provided. The wage itself would first go up from $1.25 to $1.40 an hour and later to $1.60. [See "Will Congress Kill Main Street?" May.] Many thousands of additional small service firms will be brought under the regulation. "The added paperwork alone will be tremendous," says one association spokesman.

At the federal level, controls, paperwork and regulations emanate outward into business from many departments, agencies and executive branch commissions.

Internal Revenue is the big one—1.4 million corporate income tax returns filed in 1965; 977,000 partnership returns; 22.2 million quarterly employment withholding returns filed by employers. But other federal fingers get into the pie: The mandatory five-year Census of Business and Manufacturers; weekly sample censuses of retail trade; special censuses on merchandise lines and other questions; "voluntary" as well as "involuntary" surveys by and for the Bureau of Labor Statistics, the Department of Health, Education and Welfare, and other federal offices.

"Whenever I get a federal survey form that is marked 'voluntary,' I always consider it to be 'involuntary' and make sure I fill it out and send it back," confesses one businessman. "I don't want to take any chances with those people. If I don't cooperate with them I always wonder if they'll come back at me in some way."

Regulatory agencies are voluminous manufacturers both of restrictions and paperwork, and the complexities that can arise from doing business with the Department of Defense are by now a part of American folklore. To bid on such major DOD items as aircraft can entail thousands of pages of specifications—so much expense and complication, in fact, that some businessmen say it discourages them from bidding for federal contracts.

Some of the worst horror stories on federal paperwork for businessmen were aired before the House subcommittee on census and government statistics in the course of its long investigation, led by Chairman Robert N.C. Nix (D-Pa.).

One executive, for example, testified that he could not afford to hire an additional "boy to sweep out" because the government paperwork generated by the new hire would more than offset any productivity or profit improvement he could expect to result from the hiring.

Ted Davidov, president of Washington, D. C.'s Daco Super Stores, says he doesn't envy a man starting out in business for himself today—in view of the regulations, form-filling and what not that would await him. "I can see how government controls and paperwork could actually contribute to a business failure," says Mr. Davidov. But even more threatening today—at least in his field—is "the chronic undersupply of reliable help."

Mr. Davidov often receives government inquiries asking him to detail the work histories of former employees who have subsequently sought federal jobs. These, and other periodic requests for information from various local and federal agencies, claim valuable portions of time away from the "already time-consuming business of running a business," he says.

It's the economic nonproductiveness of so much government regulation and form-filling that incenses most businessmen, and particularly smaller businessmen who have to handle it unaided. But all business, as one trade association spokesman told the paperwork hearings, "is in danger of being drowned in a flood of government-generated paper."

He continued: "A governmental agency, after requiring forms to be filed, can send them back with demands for more information, or it can file them away in filing cases and computers, or stamp them and put them in 'in-boxes,' and it can always hire more and more employees with more and more taxpayers' dollars to process them.

"Even for a large corporation which can afford the luxury of handling large amounts of paper, the activity is uneconomical and ultimately a loss to the general public. Forms in themselves do not produce anything of economic value.

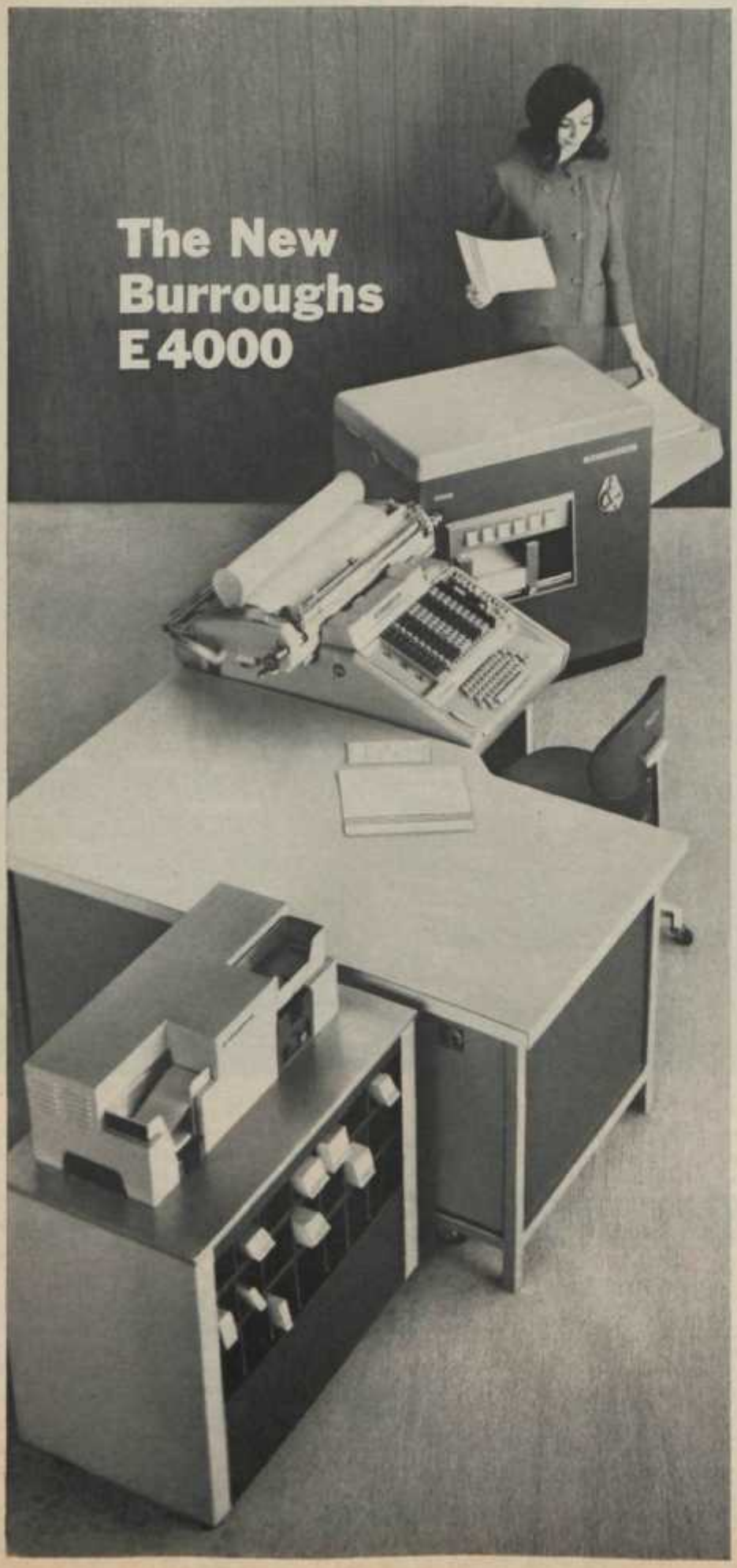
"Only two fundamental questions ought to stand behind the conception of any governmental form:

1. What facts must the agency have to serve the public interest?

2. How can it obtain those facts with the least cost to the public and the government?

"Let's eliminate those vast repositories of 'string too short to save.'"

END



Solid state circuitry, core memory, internal programing, punched card & magnetic striped ledger input and output.

Now that's an electronic accounting system!

And we can show you that, dollar for dollar, feature for feature, result for result, the new Burroughs E 4000 has more Productive Power than anything else on the market.

Productive Power to process your accounting . . . generate vital management reports . . . and initiate other action information.

We have an E 4000 for every size of business. Small ones. Big ones. And all those in between.

We have one for you!

Call our local office or write Burroughs Corporation, Detroit, Michigan 48232.

Burroughs Corporation



PHOTO: RESNIKOFF—PIX

COMING: FANTASTIC DEVICES TO END RIOTS

Appalling racial riots, as well as destructive mobs of college students who tear resort towns apart, have turned America's attention toward ways to eliminate the explosive outbreaks.

Hardly noticed at the law-and-order end of the spectrum is the work top scientists and engineers are doing to bring vast know-how to bear on the problem that has been baffling police forces everywhere: How to control and disperse a violent mob without retaliatory violence. A new riot-control industry is being created.

This is a peculiarly tough problem for a democracy. Our social structure is under stress from angry minorities, a restless, high unemployment youth group, overseas war and alert agitators from both left and right eager to exploit mass resentments.

But new riot control techniques and inventions are coming up with some effective and startling solutions. Some are in the brainstorming stage; some are on the drawing boards; many are now in actual testing and development. Others are being produced and demonstrated as ready for sale to police and law enforcement groups throughout the nation.

For example, electronics experts have found in the laboratory that an audio note of 12 to 14 cycles per second has a profoundly disturbing emotional effect. Its precise impact on any given person is somewhat unpredictable.

Some people are immune to it; others are not.

Most react with an inexplicable feeling of deep anxiety which—electronics experts predict—will tend to dissipate mob fury.

The 12 to 14-cycle per second oscillation is subsonic. So it cannot be heard or traced as the source of unease.

To be effective in mob control, it must reach a very high intensity like that produced by a rocket motor. For this reason, biophysicists question its practicality, certainly for the immediate future.

Sound as a weapon

Other sonic devices are of proven value and could be used at once.

Powerful bull-horns that emit earsplitting blatting and shrieking noises are one form of anti-riot weapon. They can be used to drown out the rhythmic chanting, singing and handclapping that some agitators use to whip up a crowd to fever pitch.

Helicopters, equipped with these powerful portable sound projectors, can hover over a hostile mob or a menacing crowd of demonstrators.

Some electronics experts foresee a more futuristic and fantastic type of sonic riot-buster: It is a low-vibration sound which would have the extraordinary ability to resonate the human viscera and thus affect the colon.

"The result," comments one scientist, "is most distressing to people within range. There are never enough restrooms handy to take care of everyone." The effect on a screaming, rock-throwing mob would be the same as a mass attack of uncontrollable dysentery. It should bring any riot to a quick halt. Though humiliating to the rioters, the device would be far more humane than a swinging billy club.

Here, too, producing the sound with sufficient power or intensity presents a practical problem.

Spotlights and shock treatment

Some other unusual riot control ideas being studied are these:

A revolving, car-roof-mounted flashing spotlight of such brilliance that it will temporarily affect the vision of the rioters is under development.

Another device is an inexpensive portable system to electrify a car body. It can be installed on any car, police or military vehicle. A painful, but harmless, shock of high-voltage, low-amperage electricity will shock rioters bent on overturning the vehicle. Persons inside the vehicle are unaffected.

Under experimentation is a vehicle-mounted high-pressure system which shoots an electrified stream of water. It gives a harmless but unpleasant high-voltage shock.

Another new riot control weapon under close study is one that should sound familiar to hunters and wild animal conservationists. This is the use of tranquilizer darts, which may be very practical for quieting ringleaders of a wild crowd without permanent injury.

A skilled fomenter of trouble can, once the action gets too hot, quietly disappear down the street. This problem, too, has received skilled attention. The result is a means by which invisible particles of ultraviolet marking material can be released over the riot action area. The particles will adhere to skin and clothing. Police equipped with special portable scanners can be placed at strategic roadblocks and spot persons sprayed with the particles.

All of these just described are in development stages and have to be refined to achieve the goal: To disperse and control a riot without violence, brutality or permanent injury.

But there already are new scientific, effective riot control devices completed and ready for use.

Breaking it up with bubbles

There's the highly effective bubble-foam generator. This was demonstrated last summer to the National Sheriffs Convention at Atlantic City by Col. Rex Applegate, one of the world's top authorities on riot control techniques and author of the principal text on the subject.

The machine, mounted on a trailer, is basically a fan powered by a small motor. The bubbles produced are nontoxic and blown through a nylon mesh screen onto the area filled with rioters.

Within 60 seconds a 5,000 cubic foot area can be inundated with bubbles which will last from five to 10 minutes.

"Regardless of the excellence of pictures taken of this bubble-foam generator in action," says Colonel Applegate, "it is not possible to visualize its dramatic effectiveness. One must see it in action to realize it."

Although the bubbles are completely harmless, the over-all effect is like having a bad dream. For the inundated rioter, sound is blocked out, he loses his sense of direction and can become panic-stricken. Although the individual covered by the foam can breathe, due to an air-to-water ratio of 1,000 to one, he imagines he has difficulty breathing.

The psychological result of the isolation from his fellow rioters is immediate and frightening. The rioters are no longer members of a disciplined, unified demonstra-

DEVICES TO END RIOTS *continued*

tion. They lose all sense of cohesion and anonymity that individuals engaged in a mass action must feel. Suddenly they seem all alone. This fact largely solves the problem of dispersing the rioters.

But even this development, already available, is being given additional riot-breaking characteristics. A slippery footing material is now being tested. Added to the bubble foam, it will make it very difficult for those inundated to stay on their feet. Also being examined is the possibility of adding ultraviolet particles to the bubbles. This would make the foam glow eerily under special lights.

The awesome effect offers an additional psychological tool to disperse the mob without violence.

New tactics in averting riots are being developed with the aid of top chemical engineers. Often the police know in advance when feeling is running so high that an explosion is likely—and the probable areas of unauthorized assembly.

Barring assembly areas

Gathering points can be made untenable in advance by quietly dusting the ground with a thin film of pulverized tear gas particles from a dust projector.

Persons entering the treated area stir up the talc-like particles with their feet, filling the assembly place with a cloud of tear gas. The area can be easily decontaminated by washing it down with a fire hose.

The same riot control technique can be used with stench compounds. With these, decontamination problems are more difficult.

GRAPHIC VISUAL CONTROL



You Get Things Done Better And Faster

The BOARDMASTER saves time, cuts costs and prevents errors. You see what is happening. Shows facts at eye level. For Production, Scheduling, Inventory, Sales, Traffic, Etc.

Simple to operate. Write on cards, post on board. Fully flexible. Million in use. Price $49.50 with cards.

FREE 24 Page BOOKLET No. T-10 Mailed Without Obligation

GRAPHIC SYSTEMS, Box 398, Yanceyville, N.C.

For extreme emergencies where mass rioting is causing loss of life and fires, a nauseating gas known by the initials DM is available.

Combined with tear gas, DM will —shortly after exposure—produce these effects: The rioter's throat will feel irritation; his lung passages will be choked with mucous; he will feel an intense and unbearable ache in the forehead, chest pains, shortness of breath and nausea followed by vomiting. Then comes an unsteady gait, a feeling of vertigo, weakness in the legs and body trembling.

Recovery takes place in one to two hours.

Another riot control gas has been produced by the U.S. Army. This is known as CS. Its pungent, pepperlike odor affects the eyes and breathing. Droplets that merely touch moist skin make the victim feel miserable and act strangely. Some will suddenly run about in a wild manner or freeze into immobility. Others seem to lose all sense of direction.

It takes only five to 15 minutes of fresh air for the victim to recover completely. This gas could presumably be used by the military when called in to help deal with a riot so explosive the local police can't handle it. However, it is not generally considered a local law enforcement tool.

Rioters once fled on seeing a tear gas cloud. Now they deftly keep upwind of it, and will even pick up a slow burning type of tear gas grenade and heave it back at the police. Tear gas that can't be seen, instantly dispersed from nonfragmenting, plastic grenades, is now the answer, experts say.

Additional effectiveness has been given to tear gas recently by mixing it with another irritant. Initial exposure to the mixture makes the eyelids seal tightly for a while, making it impossible for the victim to see. Then a secondary effect of tears hits him.

Too busy to riot

A third variation is to combine the tear gas with a sneezing material. People who weep and sneeze uncontrollably quickly lose interest in rioting.

Nontoxic, thick and obscuring smoke clouds, too, are being experimented with as a way to isolate members of a rioting mob from each other. New methods of crowd control add particles to the smoke which can adhere to skin or clothing and which create smokes in various colors for startling psychological effect. Experts predict an out-of-control crowd will stop in its tracks when a vicious-looking green smoke cloud rolls down on them. Even harmless smoke can leave a rioter stained in brilliant hues.

For the individual foot patrolman who has to face blows, rocks and bullets, new equipment also is coming, from riot-disaster helmets to combat vests of glass fiber which weigh less than four pounds and, in effect, are bulletproof.

One device that has raised much outcry and publicity, but which actually is infinitely more humane and harmless than most traditional law enforcement tools, is the electric shock baton.

The baton delivers a harmless charge of moderate voltage, low-amperage electricity.

Aid for patrolman

A revolutionary new riot control weapon for the foot patrolman is a handsized aerosol can containing liquid tear gas. It ejects a pattern of droplets that cover a wide target area and, depending on the model used, will temporarily incapacitate its victim at ranges up to 20 feet.

Police have already put this device to good use to break up a barroom brawl, a dance hall fight and to subdue prison inmates who have gone berserk.

At one Midwest penitentiary, a convict had bound and gagged a fellow inmate, held a knife to his throat and threatened to kill him. Guards used the new weapon to spray tear gas into the face of the prisoner who had run amok. Instantly, he dropped the other inmate, covered his eyes with his hands and was taken into custody without bloodshed.

The policeman's sidearm has just been given a new, wider range of capablility to combat riots. It can now be equipped with a special barrel adaptation which enables it to fire various types of projectiles over considerable ranges. Tear gas, dye-marking, tranquilizing, noise-making and other projectiles exist.

The availability of new riot control tools doesn't necessarily mean that all police forces will have them.

They cost money. However, to preserve our free way of life in a reasonably orderly society it is essential that riots be controlled without violence.

The new riot control tools which use temporary discomfort instead of shooting and clubbing are democracy's answer to this problem.

—ROBERT ZACKS



Never **Now**

Dear Sirs: Sending this to you isn't my idea. It's my secretary's. She says we wouldn't keep losing things in the blasted files if we had Pendaflex® Speed Filing. All right. Present your case. But don't waste our time.

Name _____ Secretary's name _____

Company _____

Street _____ City _____ State & Zip _____

Mail to: Oxford Filing Supply Co., Inc., 66-07 Clinton Road, Garden City, N.Y. 11530 *Oxford*

"We were looking for a short-haul diesel to cut our costs. GMC's Toro-Flow was it," says Michigan beverage distributor.





Quite a few truckers around the country are breaking from tradition.

Diesels, it was once said, are no good for short mileage runs.

Bob Hart, of Taylor, Michigan, is one of those tradition-breakers.

How?

Let's put it this way. "Eleven trucks in our 36-truck fleet are GMC Toro-Flow diesels," Hart said. "We intend to make them all Toro-Flows as soon as possible."

Meets short-haul needs.

It would seem to many people in the trucking business that Hart, who's general manager of West Side Beverage in Taylor, had "flipped his lid."

Hart has different ideas. "We got the first five Toro-Flows that came off the line last year," he said. "We've had 'em a year. And we wouldn't trade 'em for all the gas-powered jobs in the world."

Hart's company made a thorough analysis of Toro-Flow diesels before the order was placed. "We knew someone some day would come out with a short-mileage diesel that would really meet our needs head on," he explained. "It was just a question of time."

25 stops a day—with a diesel?

The Toro-Flow design, Hart went on, was the persuasive factor. He said GMC had come up with the way to, in effect, limit fuel consumption without limiting power.

"Fuel consumption is very important in our business," Hart said. "We're beer

distributors. Our trucks average only about 350 miles a week, some make as high as 25 stops a day.

"An ordinary diesel just couldn't handle a job like that. But Toro-Flow, as our records have proved, can."

Down with fuel consumption!

"Look at it like this," he continued. "With our old gas-powered fleet, we used to average about 4½ miles to a gallon. Our Toro-Flows are now getting between 9 and 11½, depending on the driver, of course. That's quite a significant difference."

Hart mentioned something else, too. "You can't measure this in dollars and cents," he smiled, "but our drivers love these trucks. They handle easy. The power's great. I know. I drove every one of them before they were put out on the street."

Driver training no problem.

Driver education was something else West Side Beverage considered. "You know," Hart pointed out, "it takes a pretty thorough program to get drivers ready to handle an ordinary diesel. Toro-Flow is different. One day and they're ready."

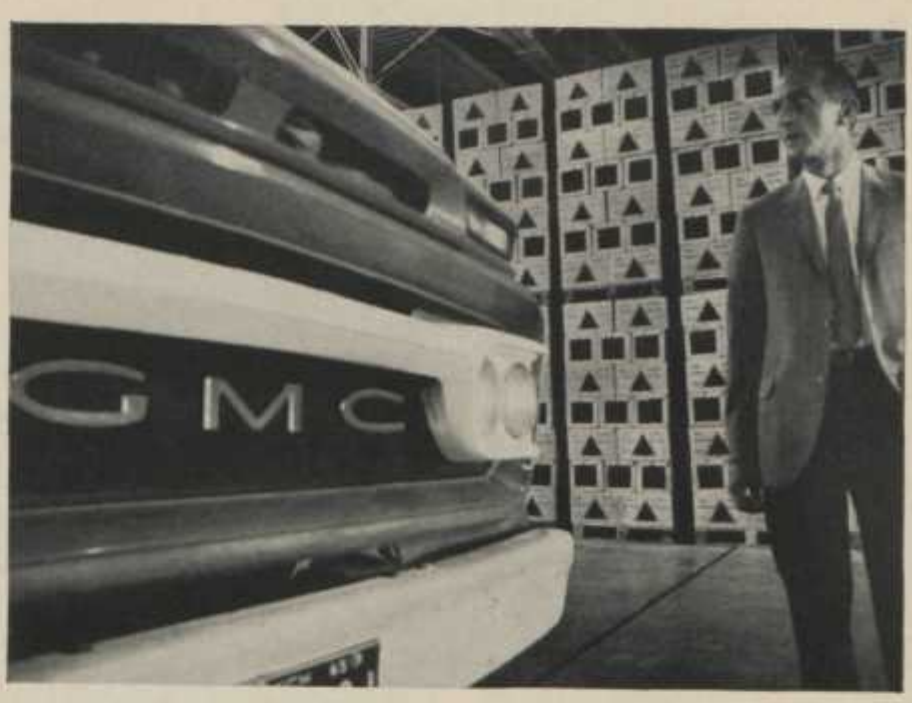
Of course, there were other points that swung Hart and his beer distributing business over to Toro-Flow.

Virtually maintenance free.

"Our maintenance records would soothe the heart of any cost accountant. Only preventive maintenance – the kind you give your own automobile—is all we've performed since these trucks first hit our warehouse. Our mechanics are all smiles."

The skeptics would still remark, however, "all this is fine, but how do you explain away the initial cost of a diesel fleet?"

Says Hart, "Sure, Toro-Flows cost more than a comparable gas-powered truck. But not as much as you might think. We paid an average of $1,300 more per truck. An ordinary diesel would run you about $3,500 more. And listen to this. Our projected figures tell us we'll get our money back in fuel savings alone in about two years. Now, you're not going to beat that."





We're out to make money.

Hart summed up his opinion of Toro-Flow: "We moved 2 million cases of beer last year in only a third of Wayne County. That's a lot of stop and go, a lot of idling and a lot of wear and tear on a normal gas engine. Toro-Flow got us through the job problem-free. That kind of performance affects profits – and we're in the business of making money just like everybody else. Until somebody comes up with something better, we're sticking with Toro-Flow."

Can Toro-Flow trim your expense?

Like Hart, many other truckers have found Toro-Flow the answer to their short-mileage problems. It could be the answer to yours. Why not get the full Toro-Flow story. Have your secretary make an appointment for the GMC Truck man to see you. He can estimate how much you'll save with Toro-Flow. Do it now while it's on your mind.

GMC
GENERAL MOTORS CORPORATION
TRUCKS
FROM ½ TO 60 TONS

In which the U. S. Senate Minority Leader indicts those Washington wizards who employ hallucinatory estimates for masquerade and mirage in an extravaganza of political chicanery on the American public which is no less than...

Seduction by statistics

BY EVERETT M. DIRKSEN

The city of Washington is the world center for the manufacture of statistics. Several thousand of the 2,542,590 employees on the United States government's $17 billion annual payroll spend their days feeding magnetic tape into computers and drawing off columns of figures. What kind of guidance do their statistics provide? Who is really benefiting from them?

Studies such as those dealing with the perspiration problem of Australian aborgines, or with the rate per hundredweight for trucking yak fat from Omaha to Chicago, are not at issue here.

My concern is with statistics essential to the formulation of sound national policy. And I charge that some of them reflect not facts but a mirage. Some are pure sleight of hand. Still others are hallucinatory. Indeed, figure management now reinforces news management in Administration tactics. The combination, as I intend to show, can be doubly dangerous.

The foremost example of sleight of hand statistics is, of course, the national budget. The President has raised it from just under $100 billion—a figure known to have been inaccurate when presented—to $112.7 billion. To you and me that looks like, and is, an increase of nearly $13 billion. But the image-makers in the Administration noticed that the President, as all Presidents must do, had trimmed some of the more pendulous fat off the amounts of money requested by various agencies and departments. So out came an inspired news release, headlined "President Lops $10 Billion from Budget."

Can a $13 billion budget increase really be a $10 billion cut? It cannot. It is an example of what George Orwell identified in his prophetic book, "1984," as "newspeak." It is like describing the world's biggest spender as "frugal," or Russia as a "democracy." Nobody really should be fooled by the federal budget.

Much the same sort of numerical flummery, as many citizens are discovering, goes



PHOTO: J. ATHERTON—UPI

for last year's loudly trumpeted tax cut. What was benevolently extended by one hand of government as an income and excise tax cut, was withdrawn by the other as a hike in social security taxes, a little later. The harsh fact is that today the tax collector at all levels of government, local, state and national, takes 35 per cent of the national income.

Where the hocus-pocus starts

Largest and most potent of government's hallucinatory statistics is the gross national product. The GNP—most widely accepted indicator of the pace of America's economic growth—is used by the government also for divination and to produce euphoria in the face of inflationary spending. It is a gross national illusion. One man toiling away in the Department of Commerce, "guesstimates" the GNP by counting the dollars spent for certain goods and services, every time they go by.

He may not wear a conical hat and a black robe decorated with cabalistic diagrams, but mystic and intuitive elements do seethe and bubble in his pot.

The synthetic figure produced is stupendous—$720 billion this year. With inflation now going at the rate of more than two per cent a year, the GNP rises automatically by $4 billion every quarter. To make it leap upward still faster, a skeptic suggests that every man be ordered to pay his wife $40 a week as cook and housekeeper. That would not produce any more wealth though it might set off some fireworks. But it would, as if by magic, push the GNP statistic on toward the $1 trillion figure.

At that level, incidentally, the GNP would about equal the real national debt, $947 billion, which is three times as high as official statistics report it. (The official debt figures omit about $600 billion owed for services already rendered, such as the $40 billion the government owes the civil service retirement fund.) The GNP is not wealth,

Attach Nation's Business address label here so your present subscription record can be quickly and accurately identified.

SEND US YOUR LABEL

. . . if writing about your subscription. Just clip it off the front cover of your copy of Nation's Business and attach it. Then cut out this form and send it with your correspondence. If changing your address, include new address below:

Name

Co. Name

Address

City State ZIP Code

Mail to: Nation's Business
1615 H Street, N.W.
Washington, D.C. 20006

Higher Earnings ON YOUR SAVINGS



CURRENT ANNUAL RATE
5% OR MORE ON SAVINGS

Assets over $700,000,000

SAFETY—More than $250,000,000 in accounts over $10,000 each.

AVAILABILITY—High 16% liquidity ratio assures that your funds are available whenever needed.

SAVE BY AIR MAIL—We process promptly and pay air mail postage both ways.

INSURED

JOE CRAIL, PRESIDENT

COAST FEDERAL SAVINGS

To: Donald Konrad 6-120A-5
Coast Federal Savings and Loan Association,
9th & Hill, Los Angeles, California 90014

☐ Enclosed is my check in the amount of $_____ NB-7

☐ Individual Account ☐ Joint Account

☐ Here is my passbook. Please transfer my account.

Name(s)

Address

Zip

SEDUCTION BY STATISTICS *continued*

nor earnings nor anything else you can touch, borrow or spend. It is only a statistic, but every day someone says we can afford still another vast expenditure because it would "require less than one per cent of the GNP." And all too often we do make the down payment on still another tremendous program, with tremendous and unknown costs to follow.

Ironically, last summer the U. S. Commerce Department itself renounced as erroneous the GNP figures it had produced since 1929. It recalculated the lot, and then came up with a higher figure for the annual increase in labor productivity.

The increase was small, from 3.6 to 3.7 per cent, but it was sufficient to provide labor union economists a basis for demanding that another famous figure—the Administration's guidelines for wage increases—be adjusted upward.

The statistical snow-job

A bureaucratic technique now being skillfully employed in Washington can be properly termed the statistic avalanche.

A distinguished practitioner of the avalanche is Sargent Shriver, a handsome and voluble man with energy enough to run (until recently) two high government jobs while dreaming of a third. The avalanche device is triggered, for example, when Mr. Shriver is questioned at press conferences about instances of what he defends as high-spirited mayhem or arson in his scandal-ridden, politically manipulated Job Corps, which is part of the federal poverty program.

On one occasion last fall, he called down a tumbling mass of statistics which rolled end over end, at express train speed, to engulf the reporters. It included data ranging from the annual cost of keeping an inmate in the Illinois penitentiary at Menard to the median consumption of fish, classified as to weight and species, by seals in the Seattle zoo.

When at last the rush subsided, the shaken questioner was sorry he had asked the little question that started it all, namely: "How much more does it cost to keep a boy in the Job Corps than in Harvard University?"

The question had been buried in the statistical snow-job. There it will remain forever unless a shift in the political glacier opens a crevasse and exposes it to view.

Plain deception meets the needs of some. Arthur Sylvester, assistant secretary of defense for public affairs, has made it clear that the Administration would not hesitate to deceive about defense affairs when it deemed deception necessary. Some of the news out of Viet Nam persuades many of us that he was, in that statement at any rate, telling the truth.

Those who class the war on poverty with Viet Nam in importance surely are engaging in deception. So are the postal snoopers and the Internal Revenue wiretappers, whose work seems more suited to a collectivist than to a great society.

A phantom statistic which even compels its compilers to smile is that showing "the rising productivity of government employees." There are, of course, many conscientious, hard-working government employees among the myriads, but they are all supported by the work of someone else. What could they produce, but statistics?

Hauling out the bogeyman

An old favorite is what might be called the Cheshire statistic. It is pulled out of the air like a magician producing a bowl of goldfish. Such a statistic was the basis for the charge during the 1960 Presidential campaign that "17 million Americans go to bed hungry every night." Not four million or 18.1 million, but 17 million exactly. Unless many of them were reducing, that seemed to indicate a deplorable breakdown in a public relief system which was even then the most gigantic ever conceived. But then President Johnson raised the figure two years ago to 35 million. It hung on the campaign air a while like its predecessor and then faded gently from view.

So did the terrifying missile gap discovered by Democratic creators for use in the same campaign. Both were meaningless as fact, but useful as bogies for whipping up emotion.

The dictionary defines that as demagoguery.

Cheshire or phantom statistics are common in foreign affairs, too. Successive Presidents have extolled military aid as assuring the United States of staunch allies, ready to spring to our side in the fight for freedom with "250 strategic bases, five million ground forces, 10,000 aircraft and 2,500 vessels." Well, thousands of American men are fighting for freedom today in the

dark jungles of Viet Nam, but where are those eager allies?

We know where some of them are. More than 200 different ships of a dozen free world nations which have received $29 billion in American aid are busily hauling munitions to our communist foe, the Viet Cong. Others which received even greater sums are running supplies through our toothless "quarantine" to Communist Cuba, in defiance of all our pleas and entreaties.

If we cannot expect gratitude for the $130 billion we have poured out in postwar foreign aid, might we not demand decency? The scale of our generosity, by the way, is shown by the fact that interest on the public debt, ballooned by this aid, now runs more than $1 billion a month, or about twice the current cost of our struggle in Viet Nam.

Those stretchable yard sticks

Rubber statistical yardsticks to fit varied occasions also are common in government. For gauging unemployment, the long yardstick is used. Housewives, youngsters, people resting unconcernedly between jobs, are all counted as jobless to bring the unemployment total up to a level intended to cause public worry. Although unemployment is given as 2.9 million, a former director of the census recently estimated the number of male family heads out of work at only 600,000. Nobody really knows. The official guess is extrapolated from a survey of only 35,000 families.

An effort to provide a count of job openings available was defeated last year in Congress by labor union pressure, as tending to minimize the pathetic plight of the honestly apathetic.

The myth of suffering millions searching in vain for work apparently must be preserved, even though employers from one end of the country to the other complain of their inability to hire help.

There's a saying now which goes: "If you don't like the heat, change the thermometer."

For many years, the Administration's economists, along with pundits and commentators, had bemoaned the existence of a "dollar gap" abroad. But more recently, as everyone knows by now, the recipients of American bounty abroad have drawn down our gold reserves by billions. They have been able to buy gold because our gifts, loans, investments and purchases abroad have been running about $3 billion a year greater than their transactions with us. So, suddenly with the mysterious unanimity of a cloud of gnats, they all changed direction. The dollar gap had become a dollar glut.

A cut in business investment and tourist purchases ordered by the Administration did not help enough. (Nobody knows what tourist purchases amount to.) The glut continues to grow. The Administration itself keeps on spending and donating dollars abroad through a dozen spigots. The money goes out as foreign aid, as bounties to foreign governments for sugar and coffee, as research grants to foreign scientists, as expenditures to keep U. S. troops in Europe to defend prosperous allies from whom we now are borrowing money, and in other ways. Further damage to our dwindling gold stocks seemed certain. What to do?

Now you see it—

The problem, as our leaders saw it, was how to make things look better without actually turning off or curtailing their spigots. Last August somebody came up with an idea. The government began computing the balance of payments in a new way. Dollars held by private institutions abroad were dropped from the liability column on the government's statistical tables, although they had been included in the earlier system of accounting because they can become official claims against our gold the moment they are turned into a central bank.

So, where the old fiscal thermometer showed a deficit of more than $3 billion for 1964, the new one cut it in half. The fever has not been changed, just the thermometer. We have a new statistical mirage, and the band plays on.

One of the most serious of all the government's statistical fantasies, however, reflects our balance of trade, which is a vital part of the total balance of international payments problem. For 20 years, Commerce Department officials have been pleased to inform the President, the Congress and the people that the United States regularly sells more goods to foreign lands than they sell to us. Our foreign trade was seen in wonderful health.

With the assurance of great and rising prosperity in foreign trade, Congress has gone along with successive Administrations, Republican as well as Democratic, in acts of generosity to our outdistanced trading partners abroad. We cut tariffs, increased foreign aid and borrowed $130 billion to lend or give away overseas.

At the same time we shipped—and are still shipping now—mountains of food and fiber as outright gifts or in exchange for nonspendable forints, dinars, zlotys, kips and rupees, all of which are reported by the Department of Commerce as commercial exports. This, of course, swells the export balance, but we receive no dollars. Americans who questioned our financial capacity to do whatever we liked, without limit, or who doubted the wisdom of supporting dictators who were busy sharpening the swords of our enemies, were laughed to scorn.

Not until the dollar stood shaken and defoliated, not until our gold stock had plummeted, did people begin to wonder if our balance of trade had really been as great as reported over the years. We began to ask if we had exposed ourselves to the gold drain by a statistical mirage in foreign trade earnings.

The answer, if you dig deep enough, is this. The United Kingdom and most other nations value imported goods on the "c.i.f." (cost, insurance, freight) basis. That means they take the purchase price abroad, add shipping and insurance costs, and end up with the total cost of the merchandise landed in their own country. The difference between the seller's figures and the buyer's is just freight and insurance. It is proper that those costs be added to the valuation of imports.

But here's the catch: The United States does not add freight and insurance costs in computing the volume of imports. We do not keep the same kind of books as our trading partners. We value our imports on the "f.o.b." basis, foreign port of shipment. Our valuations are simply the cost of the goods abroad, with freight and insurance disregarded.

From that difference in accounting arises the mirage. Our statistics are not comparable with those of other nations. We understate the value of our purchases from Great Britain, for example, by an average of 22 per cent. And that, in computing trade balances, produces a violent distortion of fact.

The distortion is even greater in trade with more distant countries, since freight and insurance cost more. Our "officially" certified favorable trade balance with Japan for the three years 1962-64 was $413 million. Change our imports from Japan to the realistic c.i.f. basis and that favorable balance becomes a $677 million deficit.

The cheerful statistics showing



This is Sue Law.
She hated high school math.

SEDUCTION BY STATISTICS *continued*

U. S. manufacturers fully competitive in foreign markets become the more badly battered the deeper you look. The supposed favorable balance in our world trade is actually a deficit.

The manufactured statistic

The foreign aid bill, hailed by the Administration as a bare-bones measure, in truth provides for an expenditure of about $6 billion in new funds, which is nearly twice the figure used in appropriations' requests. The bare-bones mirage is achieved by fragmenting the total cost and by financing big chunks of our foreign assistance—so-called food for peace, for example—under different labels, in fine print.

Now I am not a statistician, and I hold no brief for any particular accounting method. I favor expanded foreign trade. I have voted for AID. I admire our other trading partners. But I do most strenuously object that figure management, like news management, keeps us from reaching sound policy decisions on the basis of fact, not propaganda.

The statistical discrepancy between U. S. and foreign import trade accounting, for example, should have been volunteered to Congress and the public by our officials, and explained fully and frankly. This should have been done at the very beginning of the postwar period, when policy was being formed. It was essential knowledge then, and it is essential knowledge now.

Throughout the postwar period, Uncle Sam has acted in the belief he could adopt and carry out any program he considered desirable, whether at home or abroad, whether at the center of the earth or on the surface of the moon.

The balance of payments crisis and the costs of the grave struggle in Viet Nam remind us once more that nations, like families, must make choices. No nation can do everything it might like. When Washington implies that it can, it is a form of seduction of the public.

Moreover, we have learned from Mussolini, Hitler, Stalin, Peron and the other arrogant socialist dictators of our era that governments which manipulate facts are manipulating their people. A democracy can keep its freedom only as long as it is allowed to base its decisions on facts. **END**

SHOULD RICH KIDS GET HANDOUTS?

continued from page 37

Rep. Goodell called the legislation "a thinly veiled attempt to launch a general federal aid to education program by means of a spurious appeal to purposes which it would not adequately serve."

One of the measure's backers, Rep. Robert Stafford (R., Vt.), admitted as much: "This is the only general aid to education bill presented over these many years with a real chance of passage by the House of Representatives."

Former Rep. Robert Griffin (R., Mich.) took this view: "Some may vote for this bill because they think it will cure poverty. Others may vote for it, not as poverty legislation, but as a general aid to education bill. It ought to be one or the other but, unfortunately, it is a poor bill for either purpose." Mr. Griffin is now a Senator.

The poverty criterion was written into the bill mainly to enhance its chances of overcoming years-old resistance to helping finance non-public and parochial schools.

How, then, is the measure working?

Take Garden City, N.Y., a charming town of about 25,000 population 19 miles east of New York City. Hardly a center of destitution, median family income there is about $14,000 and median value of the homes along the village's quiet, tree-lined streets is about $30,000. Within its five square miles are about 7,000 dwelling units, three golf courses, Adelphi University and a stately resort hotel.

Though it doesn't expect to spend all of its allocation, Garden City can get $33,551 of Education Act money because of its "poor" children. But well-to-do Garden City's supposed poor children apparently exist only as statistics. School officials can find no children in poverty.

The Act tells states to use 1960 census figures and the most recent welfare figures they have in determining how much federal money each school district in the state should get.

In New York, as in other states, education officials have had difficulty relating census tract figures to their 997 school districts.

Richard Schilling, a planning supervisor for the state Department of Education, tells NATION'S BUSINESS that in many cases you can't pinpoint the poor by school districts. "Most of the money is going



This is Sue Law.
She's now a mathematical wizard.

This calculator made the difference. It's an Olivetti Underwood Divisumma 24.

With it any girl can figure payrolls, invoices, expense prorations, percentages, worksheet problems and anything else the boss wants to know.

It adds, subtracts, multiplies and divides, accumulates subtotals and prints a tape of everything it does.

Buy one for your office. Only $625. It's a smart move for any boss who does his job by the numbers. Ask Sue Law.

For a demonstration, give us a call. We're in your Yellow Pages.

olivetti underwood

SHOULD RICH KIDS GET HANDOUTS?

continued

to areas needing it, but there are inequities."

Garden City School Superintendent Oliver Melchior says he was surprised when the state notified him that its sampling showed his district had 91.76 economically deprived youngsters and thus was entitled to the $33,551. Mr. Melchior scoured the village for these "poor" children, but he couldn't find one or even .76 of one. Still, the state told him that if his district didn't use the money, no other could. Garden City submitted a project, got it approved and is spending about a third of its entitlement to give slow-learning children more individual help.

Aid is supposed to be restricted to areas "with high concentrations of children from low-income families," Office of Education regulations say. And such proponents of the bill as Rep. Roman Pucinski (D., Ill.) reassured in last year's House debate: "I wish to emphasize that no community can get any assistance under Title I unless it has children of impoverished families." But once an area qualifies, the money can be spent on any "educationally deprived" kids in the district, even the children of rich parents.

Education Office sources told NATION'S BUSINESS in one breath that "Garden City has a damn good program dealing with the problems we want dealt with," and in another that the village probably won't get any money next year. One bureaucrat described Garden City—in a phrase that might apply to other seeming misfits under the Act—as a "small price to pay for getting the over-all aid program off the ground."

Now jump across the country to Beverly Hills, Calif., for a more self-reliant approach to federal school aid. Using 1960 census data, the California Department of Education determined the Beverly Hills Unified School District was entitled to $82,875. That data showed 460 local families reporting annual income of less than $2,000. On investigation, the district could find only six families, with eight children in school, who qualified.

"We looked at these children and found they are neither educationally deprived nor handicapped. They already are in small classes and have remedial help available, if they need it," says Superintendent Kenneth L. Peters. "Our board decided against applying for the funds. We aren't opposed to federal aid, but after reading and rereading the law, we think it would be difficult to justify a wealthy district participating in this program. We should not become involved in inventing crash programs just to qualify for federal money."

Them as has takes

Ironically, the wealthiest county in the nation, Montgomery County, Md., is a major recipient of elementary and secondary aid. Though the 1960 census gave it a median family income of $9,317, it's eligible for $557,000. Says William Feddeman, director of the county's Department for the Planning and Development of Federal and State Programs, "We feel a responsibility to spend it." Most of the money is going to 10 "target" schools for remedial reading, psychological services and health and physical education.

But nearly $18,000 of federal money from another part of the Act will help send aspiring young musicians to a summer music camp in the woods of western Maryland.

Youngsters are auditioned, not chosen on the basis of poverty. So taxes collected from rich and poor alike will be spent on musically inclined youngsters of the wealthiest county in the U.S.A.

New York City is getting $65 million under Title I of the Act—more money than any other city. Yet the president of the Board of Education told a city hall budget hearing that "the New York City public schools surpass in quality and in their forward momentum those of any other city in America."

In contrast not a dime is going into one-room school houses in some impoverished Kentucky areas and in other border and southern states where there are concentrations of the poor. The U.S. Office of Education says this is on purpose, that it is trying to do away with the inefficient, outdated, one-room structures. This may well be a beneficial long-range goal, but critics point out that until more modern school facilities are available, the children in some of these ramshackle schools get the short end of the hickory stick. And, as Congresswoman Green points out, the Education Act contains no provision for closing any kinds of schools.

Major blame for what many regard as a misdirection of funds can be placed on the Act's requirement that 1960 census figures be used to determine where the poor are. These figures, the latest census data available, actually were gathered in 1959, seven years ago. So they don't show any movement of population since then or any increase in people's income during recent boom years.

Some blame has to be laid at the feet of Education Act administrators who tell questioning local school superintendents not to worry how allocations are arrived at.

Under another section of the Education Act, Title V, Congress appropriated $17 million to strengthen state departments of education. New York and California, states which an education office spokesman said already have the strongest departments in the country, get the most aid.

Forcing funds on them

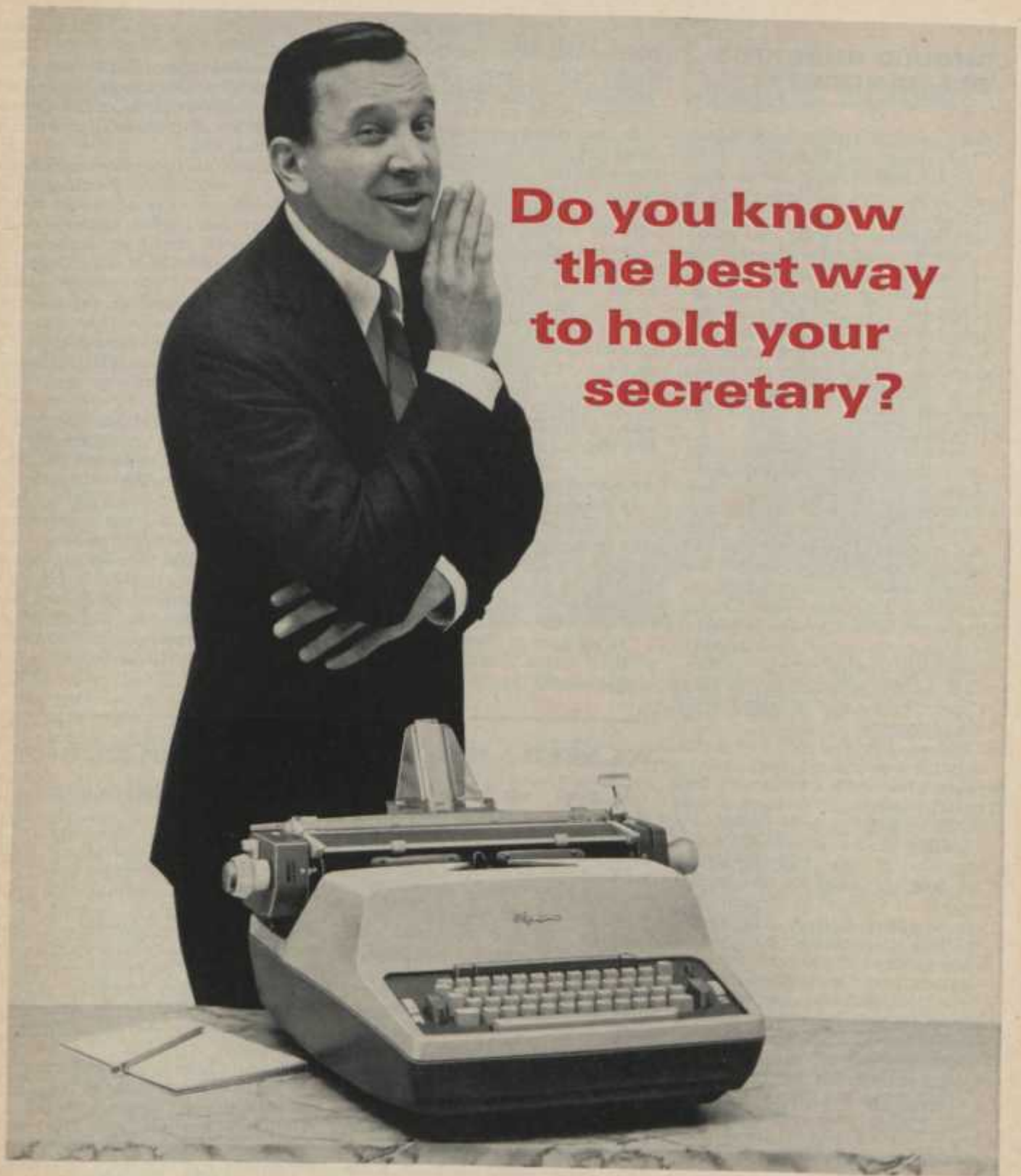
Some local school officials whose districts don't want education aid money complain they are being harassed by bureaucrats.

Santa Ana (Calif.) Unified School District learned of its $423,222 entitlement not from state authorities but by reading about it in a Los Angeles newspaper. Despite pressures that built up within the district between the time of the news article and the time the district was notified by the state that the story was accurate, Santa Ana school trustees rejected the money.

Burbank (Calif.) Unified School District also learned of the $247,869 available to it from reading a newspaper account. "I was astonished by the amount," Superintendent Richard Clause recalls. Burbank didn't apply for the money. "We are a moderately wealthy district with no clear pockets of poverty. Our school board feels we're able to pay our own way."

Oxnard Union High School District, about 40 miles northwest of Los Angeles, rejected its $77,064 entitlement. Superintendent Joseph W. Crosby explains, "We believe local taxpayers should handle our education cost. If we were taxed to the hilt, I don't think we'd refuse federal help. But we aren't, and we feel it's more economical to do the job ourselves. We've set up, on our own over the years, a curriculum for the extremely bright youngsters. We have remedial classes, classes for non-English-speaking children, classes for the mentally retarded and the severely mentally retarded and speech therapy. The school board has never refused me a program that meets a genuine need."

California school districts enti-



with a precision-built Olympia

Yes, secretaries love the speed and efficiency of Olympia's advanced typing aids that can help make short work of the toughest assignments. And, all will agree that the ultimate benefit is the distinguished look of your correspondence. But, arrange for a demonstration, and discover for yourself why Olympia is the world's finest typewriter to do business with. Call CO 7-7178 for the name of your nearest dealer.

Olympia

PRECISION TYPEWRITERS
ELECTRICS • MANUALS • PORTABLES

ITC

Olympia Division, Inter-Continental Trading Corp.
90 West Street, New York, N. Y. 10006

SHOULD RICH KIDS GET HANDOUTS?

continued

tled to about $5 million have replied: "Thanks, but no thanks."

Critics of the Act point out that one of its most unfair features is that the poorest states will get the least amount of money per disadvantaged child. By keying the amount of aid a locality can get to the state's average per pupil expenditure, more affluent states that spend more per child because they have more tax dollars to spend, get more federal doles than the poorer ones. "The rich get richer and the poor get poorer," says New York's Rep. Goodell.

Reps. Green and Quie, among others, have maintained that if the intent of the Act is, indeed, to help children of the poor, the formula doesn't work. Since the bill became law, it has also been found that localities which might best use more money either aren't getting it or have to wait far back in line because they can't afford to hire a special staff properly to draft their applications. Well-heeled school systems, such as Maryland's Montgomery County, have a staff of experts to do the paperwork.

School officials are discovering that it's one thing to formulate a project but quite another to find qualified personnel to carry it out. A blue-ribbon panel picked by President Johnson to evaluate the operation of Title I of the school law recently issued its first annual report. It found, "in virtually every area studied, there is an alarming lack of personnel, particularly in specialized skills."

A manpower survey should have been taken before committing the billion of tax dollars, Mrs. Green says. Rep. Goodell notes the intense competition, even with the federal government, for the teachers and specialists the Act seeks. "In my state, we lose some of these already scarce people to higher-paying, anti-poverty jobs in the Office of Economic Opportunity."

First-year spending under the Education Act was supposed to end June 30. But districts have been allowed to extend their spending through the summer. Some are even trying to spend a whole year's allotment in just a couple of months. Glendale (Calif.) Unified School District, for example, was late in getting its project in and approved, but now it hopes to spend its entire $315,584 entitlement for a summer reading clinic. Altogether, the Office of Education estimates, $300 million will be spent this summer for 3.5 million children to attend summer school projects.

In its report, the Presidential panel says, "It is too early to obtain evidence about the results of any of the programs, but it is abundantly clear the evaluation will be difficult." While commending officials and educators for launching the program in such short time, the group is concerned that, among other things, there's no system of quality control, that coordination is in some cases lacking between Education Act projects and those sponsored by the Office of Economic Opportunity and that nonpublic school pupils don't seem to be getting their share.

A handout to Great White Father

One community, Anaheim, Calif., is especially sympathetic toward the financial burdens the federal government now carries. So sympathetic, in fact, that the Anaheim City Council has adopted resolution 66R-247, which reads:

"Resolution of the City Council of the City of Anaheim tendering a grant-in-aid to the Great White Father:

"Whereas the Great White Father in Washington has spread his omniscient munificence to enfold the fiscal welfare of his American municipalities, and

"Whereas this benevolent munificence is manifested by a tender of untold millions in grants-in-aid for water, sewers, urban redevelopment, poverty, public works, housing and a multitude of other fields in which Great Father opines his children are unequal to the task; and

"Whereas Great Father nevertheless has informed the children that there will be necessary a great raise in taxation; and

"Whereas the city of Anaheim has compared its fiscal condition with that of the Great Father and found that the city is in far better financial condition, and that Great Father is in great need of a grant-in-aid for himself: Now, therefore, be it

"*Resolved*, That the city of Anaheim does hereby tender to Great Father, the sum of $100 as a grant-in-aid (with no strings attached) to be used for whatever national purpose may be in greatest need thereof." **END**

WE NEED A NEW CAPITALISM *continued from page 35*

In those basic industries which are made up of our large corporations, the competition should be among individual enterprises, each with its team of management, workers and their unions. Each enterprise—each team of management, workers and unions—should conduct its own wage negotiations in the light of its own conditions, its own facts and its own problems.

In industries which are composed of smaller enterprises, the wage competition should be among groups of enterprises in separate markets and areas. In such cases, wage negotiations need not be conducted on a company-by-company basis; but bargaining should be on an area basis, rather than on a national or industry-wide basis.

In neither case should individual workers be subjected to the old dog-eat-dog competition with one another, where they were encouraged to accept lower wages to undercut their fellow workers. That would be wrong. But wage rates for competing enterprise teams cannot be taken out of competition, as they are in many of our basic industries today, or government will move in sooner or later to set wage rates and put an end to collective bargaining.

After all, there are only two ways to discipline wages and prices: By competition or by absolute authority. In America, absolute authority, when and if it comes, will always come from government.

- Second, we must encourage greater management and labor teamwork for the principal benefit of customers. Both employers and unions must again put the customer first, rather than last.

We can't have progress and prosperity for labor, in terms of improved wages, hours, working conditions and the rest—and we can't have progress and prosperity for owners and managers, in terms of secure investments and adequate returns—unless they are willing to share their progress and prosperity first with customers.

If we really want progress, the first beneficiaries of progress must be the people in their capacity as customers.

It is time to enable workers to be not only customers, but full team members of American enterprises. Only by replacing conflict with teamwork can we achieve our sys-

tem's potential for economic progress—and for progress-sharing.

America needs an economic program to do for the urban, industrial society of the 1960's what Lincoln's Homestead Act did for the rural, agrarian society of the 1860's. That was progress-sharing. It gave people opportunity and choice. It gave them a stake in a propertied society at a time when land was the primary kind of wealth. It put ownership directly into the hands of those who labored. It gave them an incentive to greater productivity. It permitted the people as a whole to contribute to the nation's economic progress, and to share in that progress more nearly on the basis of their contribution.

Corporate stock today plays much the same role in our economy that land did 100 years ago. Pioneering programs for voluntary stock-sharing have enjoyed remarkable success on a limited basis. What we need now are specific new governmental policies and incentives to encourage these voluntary efforts and spread progress-sharing throughout the American economy.

• And finally, we must restore sanity to the economic policies of the federal government.

We must learn to place greater reliance on a truly competitive private economic system, and less reliance on government control and coercion. We must discipline our governmental spending. We must recognize that we cannot buy our way into universal prosperity and affluence with federal dollars.

And we must realize that there never has been, and never will be, a federal pill for every ill. A new government program is not necessarily the only or even the best answer to every public need.

After all, America prospered and grew great not so much because of what government did but because of what people did, acting individually and cooperatively through their voluntary institutions. We must have the stamina and courage to seek workable, private, independent answers to many of our human and social problems, rather than always try to solve them with government and money.

That's the challenge—the challenge that confronts those in business just as it confronts every concerned American in every walk of life: To put America back on the track of economic progress by rekindling the fires of our unfinished American economic revolution—to put the people back in the economic driver's seat. **END**

ASK YOURSELF:
Is there any "ideal" industrial location?



Now look at these facts about suburban Long Island. Then judge for yourself.

Long Island has an ever-growing number of workers and consumers in an important industrial and marketing location.

The industrial growth in Nassau and Suffolk Counties is astonishing . . . 644 new plants, and 632 plant expansions in the last 5 years. The future is even brighter. That's not speculation. It's a logical projection based upon its proven ability to support and promote industry and to help industry flourish.

And why not?

The massive market of nearly 2½ million people in LILCO's service area, and the unparalleled air, rail and sea facilities of the Port of New York provide industry with one of the world's most strategically located areas for the movement of merchandise.

Resources necessary for industry are abundant on Long Island. Fresh water is plentiful, and so is low-cost gas and electric power. The work force, already great, is steadily increasing. And Long Islanders work, play and shop in their own area, providing business and industry with an ever-expanding consumer market, as well as an unlimited supply of fresh talent from 19 local colleges and universities.

Long Island is vital, growing, progressive. It is alive with activity and opportunity.

We will be delighted to help you find a preferred site here for an east coast branch . . . and send you a detailed Industrial Area Development Map of Long Island. Just mail the coupon, send a wire or telephone our Area Development Manager, area code 516 PI 7-1000, ext. 440. Of course, all inquiries held in strictest confidence.

PLANN

Come to Long Island—the place to live, work and play.

LILCO
LONG ISLAND LIGHTING

Area Development Manager NB-7-66
LONG ISLAND LIGHTING COMPANY
250 Old Country Road, Mineola, Long Island, N. Y. 11501
Gentlemen: I would appreciate your assistance in finding a preferred industrial site on Long Island and receiving your detailed Industrial Area Development Map.

Name _____ (Print)
Title _____
Company _____
Address _____
City _____ State _____
Phone _____

Where your markets and manpower will change most

Where will your biggest markets be in 1975? How about your labor supply?

The nation's population is churning. Big changes are coming. Two states, for example, will grow at more than twice the national rate in the next decade.

In some states shifts in the older population will enlarge or shrink sales potentials.

In other states the number of youngsters will create new demands for a host of goods and services.

In still other states, the number of workers of various ages will be changing.

Future changes in consumer markets and labor supply are reflected in the accompanying maps which show, for three broad age groups, percentage population changes expected in the years from now to 1975. They are based upon recent U. S. Bureau of the Census projections.

Total population is forecast to grow 16.2 per cent. But varied birth, death and migration trends result in wide differences among the states.

Florida and Arizona are expected to grow at more than twice the national average. New Mexico and California are expected to increase nearly as fast—by 31 per cent.

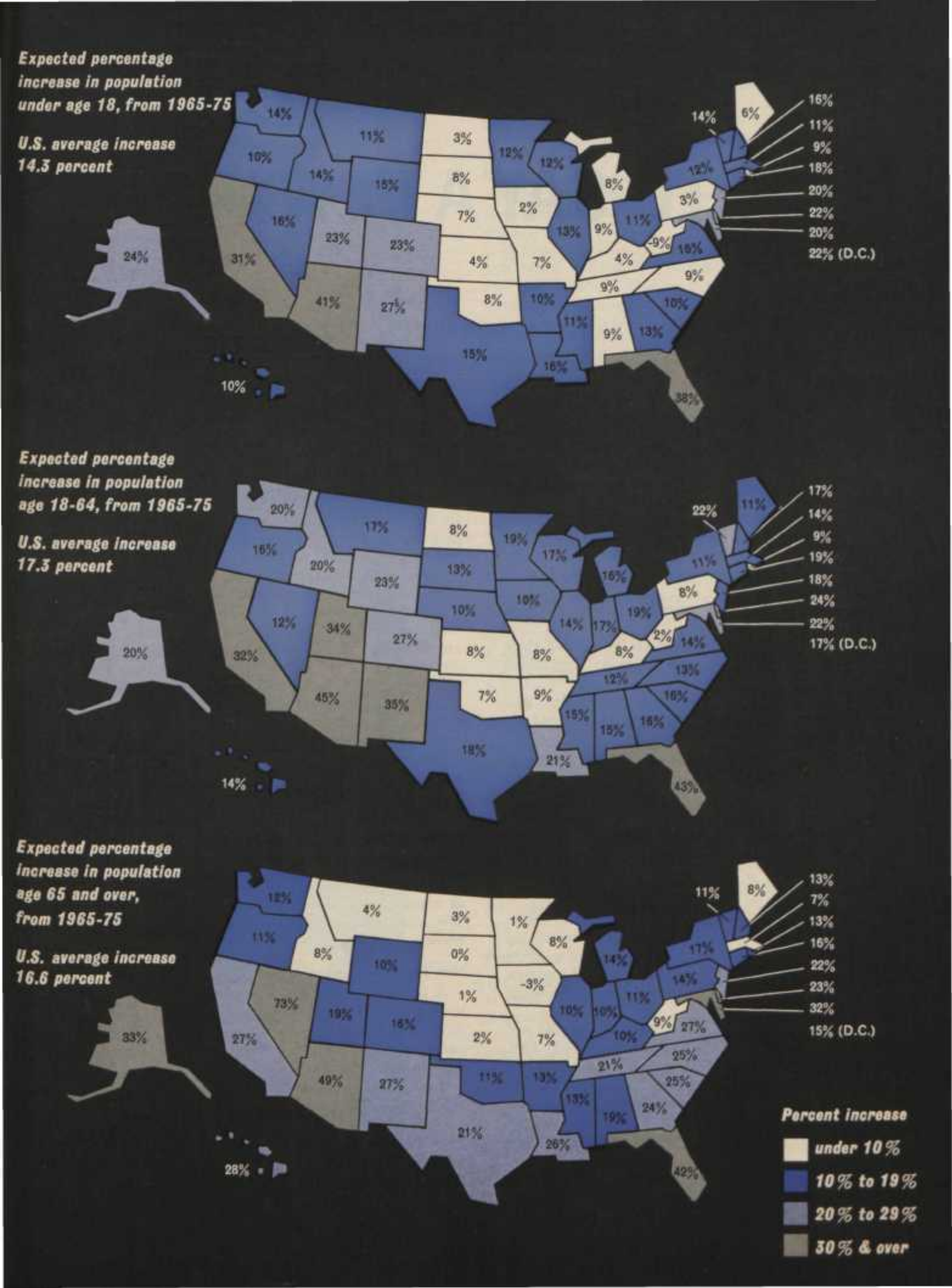
Eleven states, principally those bordering the Missouri River and on the south bank of the Ohio River, are expected to grow at rates considerably below the national average.

We'll have 10 million more persons under age 18.

Expected increases in youngsters under 18 are: Arizona, 41 per cent; Florida, 38 per cent; California, 31 per cent. The number of children under 18 in Iowa will increase by only two per cent. West Virginia will see a nine per cent decline in these youngsters.

What's commonly considered working age persons (18-64 years), it's estimated, will increase 17.3 per cent throughout the country. Biggest gainers in this labor supply are expected to be Arizona with a 45 per cent increase, and Florida with a 43 per cent rise. Smallest gains are the seven per cent projected for Oklahoma, and two per cent for West Virginia.

Older persons (aged 65 and over) are predicted to increase 16.6 per cent. Nevada with a whopping 73 per cent increase, and Arizona with a 49 per cent rise will show sharpest gains, followed by Florida with a 42 per cent rise. Less than one per cent change is expected in South Dakota. A three per cent decline is foreseen in Iowa. **END**


Expected percentage increase in population under age 18, from 1965-75
U.S. average increase 14.3 percent
Expected percentage increase in population age 18-64, from 1965-75
U.S. average increase 17.3 percent
Expected percentage increase in population age 65 and over, from 1965-75
U.S. average increase 16.6 percent
Percent increase
under 10%
10% to 19%
20% to 29%
30% & over

HOW TO SAY A FEW WORDS

Your audience appreciates nothing so much as brevity. So stand up, speak up, shut up

In a big city hotel, a group of busy businessmen had gathered for a three-day conference. On the third day a speaker addressed them after lunch. Everyone was overinformed, overfed and tired of sitting.

The speaker, however, seemed totally unaware of their condition.

After 45 minutes—during which he missed three excellent opportunities to stop—he said: "I've talked too long and covered only half my speech."

From that point on, his words were wasted. For his trapped audience had but one panic thought: How to escape.

Yet had he only considered his audience first, he would have been able to:

- Say a few words.
- Make a few points clearly.
- Inform, rather than antagonize, his busy, influential listeners.

In this fast-moving age, the speaker who can state facts or inspire listeners to action in a brief speech possesses an invaluable skill.

Brevity is difficult to achieve. The secret is preparation. It takes much longer to prepare a five-minute speech than an hour-long oration. But the effort spent on preparation is a good investment, because it helps you make the best use of your time while making the speech.

Speeches, like manufactured products, should not be created in front of the consumer. To sell him, you must present him with a finished product. In the same way, a speech should be delivered in its polished form, not manufactured before the audience.

Clergymen are often the brunt of jokes about the lack of brevity. A lad, having attended church for the first time, was asked how he liked it. "The program was good," he replied, "but the commercial was too long."

However, I have heard plenty of boring speeches from businessmen. Some businessmen seem to feel a sacred attachment to every word which crosses their mind when they prepare the speech. They are incapable of cutting the speech to make it brief and alive.

Others talk "off the cuff," resulting in a jumble of ideas too assorted to classify. Some use the tactics of the old-time orator and keep the audience awake only by the loudness of their voice.

Any attention these speakers get is due to the fact their audience is in their employ or in their debt.

Neither how loud it is, nor how long, is any test of the excellence of a speech. In an age with so many demands on our time, the man who gets ahead is the one who—in a private conversation or a public address—can say what he wants to say in concise, crisp sentences, remembering the adage: The mind can absorb no more than the seat can endure.

How to write a short speech

A short speech is like the budget when business is bad—everything in it must count for something or be cut. There is no easy way to prepare a brief, meaningful speech. You must work, work, work to plan what you want to say in the clearest terms—and stick to that plan at the time of delivery.

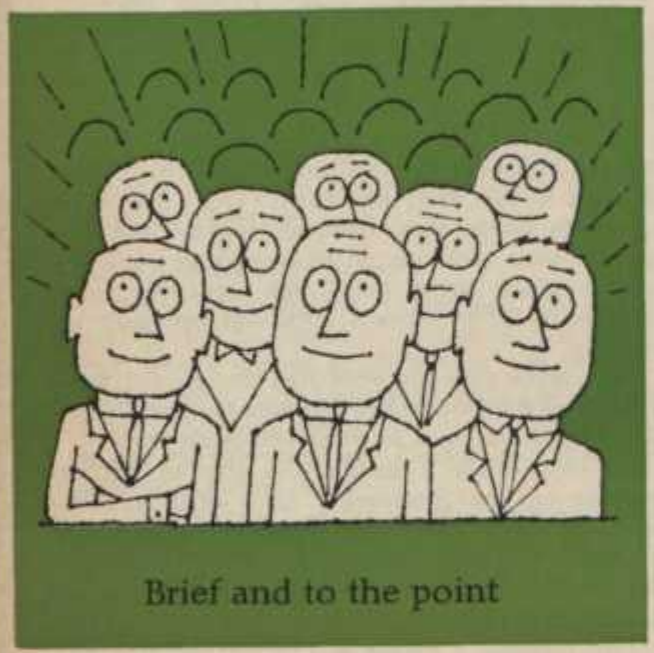
You will achieve brevity primarily by editing. First write down your thoughts as they come to you without any concern for style or polish. Next go over these ideas, arranging them in logical order so they will be easy to remember. Then cut every sentence to the fewest possible words—and use simple words.

When the famous clergyman, Norman Vincent

EDWARD S. ZELLEY, *the author, is an accomplished writer, public speaker and a former pastor in New Jersey, Delaware and Illinois. He is now Midwest representative of The Methodist Publishing House.*



Short speech more work



Brief and to the point



Nodding acquaintance

Peale, started preaching, his father required him to send a 10-word telegram every Saturday night summarizing his sermon for the next day.

Editing will help you to clarify your ideas so your talk can be summarized in a single sentence.

When you have finished editing do not memorize the final product word for word. Instead make the briefest possible outline. If one word will call the idea to your mind, all the better. If you want to memorize this outline, fine. If not, use it as unobtrusively as posible.

If you take these pains, you can produce a brief talk which will cause grateful people to remember you and much of what you said. They may even remember you when there's a chance for promotion.

Six rules for speech makers

To make a brief talk you must have the right mental attitude.

• First, you must believe you can. Dale Carnegie says: "If you think a man can't express himself, punch him in the nose. You'll find out he can." Some businessmen with valuable ideas can communicate them man to man, but feel they cannot speak to a group. Why should there be a difference? In both cases, you have the same basic situation—a man with an idea which he wants to share with another. Why should it be any harder to tell the idea to several at one time than to tell them individually? In fact, you have one big advantage when addressing men in a group rather than one at a time—they can't argue with you as they could man to man.

• Second, you must determine that you will take the time necessary to prepare to speak briefly. This is difficult. Eddie Arcaro, the famous jockey, says: "Horses are like people. Most of them will dog it and goof off if you let them get away with it. At least 70 per cent of all race horses don't want to win."

The hard fact is that you have to be your own jockey and ride yourself to victory. The emphasis is on "taking the time" not waiting to find it.

• Third, you must overcome any fear of facing an audience by facing the facts. One fact is that you have something to share with others; otherwise there is no point in making a speech. When you have ideas worth sharing you cannot afford to let unreasonable fear inhibit you from speaking out.

Right kind of fear can help you

A certain amount of fear—perhaps a better word is awe—is wholesome. Your desire to communicate should be strong enough to cause nervousness, but never paralyzing fear. After you begin your speech this nervousness should disappear in the act of conveying ideas.

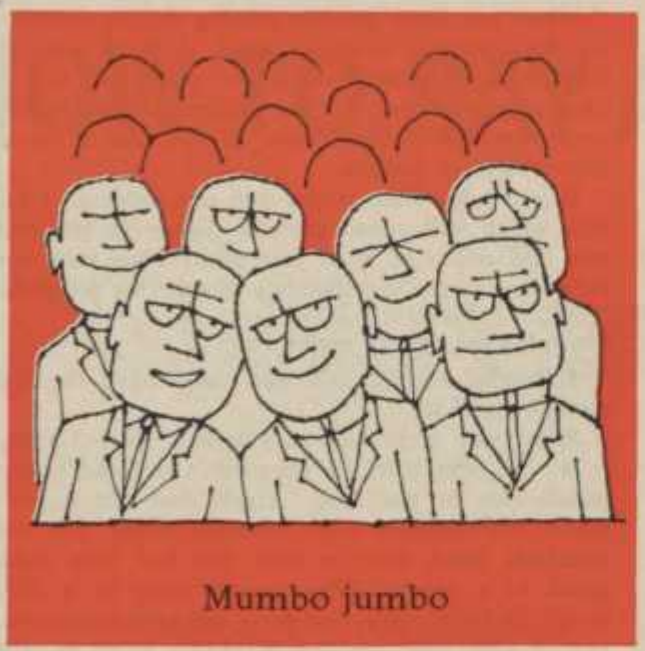
But this kind of fear can be helpful, if it drives you to the important task of preparation.

Another fact you must face in overcoming fear is this: You can prepare. Proper preparation will overcome the dread of forgetting what you want to say—perhaps the worst fear that haunts public speakers.

• Fourth, to make a good speech, you must pick

HOW TO SAY A FEW WORDS

continued



out a target. If you fought in World War II, you know there is a vast difference between flying a bomber and man-to-man fighting. In the one case you are releasing a bomb from several miles up on targets you cannot even see. In the other you are face to face with a man whom you must kill or capture or have him kill or capture you. In the bomber, you can be emotionally aloof. But in hand-to-hand combat you cannot help being emotionally involved, to say the least.

Visualize your audience

Too many speakers see their audience from a distance as a sea of faces. To make a good speech you must see the audience as one person with whom you are emotionally involved.

This person can be either an imagined composite or someone you know will be present. In preparing your speech, fix this person firmly in your mind and design everything you say to convince him.

• Fifth, be sure you have something to say that is a part of you. This can be the "you" of actual experience or the "you" of ideas acquired from reading and listening which you have refined for your own purposes.

Rambling and disorganization will disappear the moment you try to project yourself to your audience—this holds true, no matter what your subject may be.

An American chaplain had been conducting a service for sailors. At the close, one of the men said to him:

"That was a great sermon, preacher."

"Tell me," said the chaplain, "just why you think it was a great sermon."

After a moment's thought the sailor replied, "It was a great sermon because it took something from your heart and put it in mine."

The advice given here does not mean you can never use other people's material or quote from authorities. It means only that the talk in its broad aspect should be out of your experience and so much a part of you that you feel compelled to share it with others.

This means, for one thing, that you will not drag in stories, humorous or otherwise, by the tail. Be sure they fit no matter how good they are.

Illustrations are the windows of a speech which let the light in so your audience can see more clearly what you are talking about. So build the ideas of your talk first, then put in stories or illustrations where they will help most to make your point.

Not only must you have something to say, but you must mean what you say. That is, be sincere. Insincerity is quickly detected and will just as quickly ruin the effectiveness of your speech.

It won't do to give a Texas longhorn speech—one which has two long points with a lot of bull between. Woodrow Wilson once said, "Where there is fire, thither will men carry their lamps to be lighted."

• Finally, add one more item to the list of mental attitudes you need to make a good speech. Namely, the need to say what you mean. Don't try to use big words unless they honestly convey what you mean to your audience. It is so easy to put words together which sound great, but are either misinterpreted or—when thought about—do not really say anything.

Don't leave your audience like the puzzled father whose little daughter asked him when he came home: "Where had you been to when you came from?"

And don't make a mistake like that of a mayor speaking on the Studebaker Co.'s birthday some years ago. On a nationwide broadcast he eulogized: "Studebaker, I congratulate you. For 84 years you have been turning out a product equal to few and superior to none."

More recently a mayor of Chicago declared publicly that he felt certain the city would rise to "new platitudes of achievement."

Aim at simplicity

Strive to be simple. Your audience is lost if you talk like the bureaucrats are said to have answered a New York plumber. The plumber wrote the National Bureau of Standards saying that he had found hydrochloric acid good for cleaning out clogged drains.

The bureau wrote him: "The efficacy of hydrochloric acid is indisputable, but the corrosive residue is incompatible with metallic permanence." The plumber replied he was glad the bureau agreed with him.

The bureau tried again, saying: "We cannot assume the responsibility for the production of toxic and noxious residue with hydrochloric acid, and suggest that you use an alternative procedure." The plumber wrote he was pleased that he and the bureau saw eye to eye.

Finally the bureau sent a message that came

through: "Don't use hydrochloric acid. It eats the hell out of the pipes."

Having established the six attitudes of mind needed to make a good, brief speech, let us turn to other matters.

How to organize your talk

One of the best formulas for organizing a speech is given by a public speaking expert, Richard C. Borden. He says the four parts of a speech could be classified as:

- Ho hum.
- Why bring that up?
- For instance. . . .
- So what?

The "Ho hum" suggests you are facing a bored, suspicious audience who must be wakened to an interest in what you have to say. Mr. Borden says:

"Don't open your speech on safety first by saying, 'The subject which has been assigned to me is the reduction of traffic accidents.'

"Say instead: 'Four hundred and 50 shiny new coffins were delivered to this city last Thursday.'"

If your speech is on civic improvement don't start, "I have been asked to tell you about the problems of our community." Rather say, "Eleven stabbings in 12 months at the Little Corner Inn have made some citizens aware of the civic problems we must face together."

Bring subject close to home

"Why bring that up?" indicates that after you have gotten its attention you must tell your audience why it should listen to what you have to say. In the safety talk you might point out that one of those coffins may be for you or one of your friends, unless the warnings are heeded and the proposed suggestions acted on.

"For instance," of course, means you should use plenty of lively illustrations and examples to clarify the points you are trying to make. On the subject of safety you could use actual cases depicting the hazards persons face daily which might lead to injury or death.



Illustrative material may be found in your boyhood days, incidents from the lives of your friends or of famous people from newspapers, periodicals or books on science, art, sports and the like. Each example should be: Illustrative—it should have a point; clear—meaning well expressed; specific—or definite; animated—with life in it; colorful—not gray; timed—for climax.

"Why bring that up?" and "For instance" are the meat of the sandwich. They fit between the opening, which grabs attention, and the closing, which restates the theme and asks for some kind of action.

Referring to "So what?" Borden says: "The end of your speech, like the end of your pencil, should have a point." Tell your audience clearly what you expect them to do about what you have been telling them.

Tips on preparation and delivery

Beside preparation of the speech, there should be some preparation of the person who delivers it, namely yourself.

Keep in mind the need to speak loudly enough and clearly.

If you tend to mumble, work on the physical matters of speech. If you want full effectiveness, get a good book and give some attention to voice control, breathing and use of the body to convey meaning.

Giving a brief talk involves the whole being—body, mind and spirit.

Use your body—a clear voice, proper breathing to emphasise your words and gestures to help convey your thoughts.

Use your mind in the proper preparation of your text and outline, in editing, rewriting and remembering.

Use your spirit in both preparation and the delivery—in being yourself and in being sincere.

Do not be discouraged if at first you do not come up with a masterpiece.

Remember, in making his record of 714 home runs, Babe Ruth struck out 1330 times, and pitcher Cy Young, known for the 511 games he won, also lost almost as many.

In one African village a long-winded speaker is silenced by cries of "Imetosha" which means "Enough." Another allows a man to talk only so long as he can stand on one foot.

As someone has recommended: "Stand up, speak up and shut up."

It is easy to talk, but hard to be brief. But if you believe in yourself, have something to say, say it sincerely and in a few words, men—in these busy days—will fall at your feet in gratitude. **END**

REPRINTS *of "How to Say a Few Words" may be obtained for 25 cents a copy, $12 per 100 or $90 per 1,000 postpaid from Nation's Business, 1615 H St., N. W., Washington, D.C. 20006. Please enclose remittance with order.*

EXPANDING WITH CONFIDENCE

continued from page 43

about 40 per cent of what Lazarus was doing in Columbus at that time. It looked to me like a retailer's paradise. I proceeded to option land for a department store to be built after hostilities were over—because it looked as if we were going to get into the war.

I took the option back to Federated and, after a long argument, got approval to go ahead, provided that F. & R. Lazarus Co. would build the store and run it. Federated had no way, except through one of its member stores, to acquire any other department stores in the country.

Well, that didn't make much sense for a corporation that had many millions of dollars of assets. So that's when I insisted that we change policy. We made Federated an operating corporation that could expand.

Did you turn a profit on the purchase of Foley Brothers?

Yes, along with the store went an option to buy a piece of property in downtown Houston for $1,250,000. I took up the option and resold the property to Woolworth's for more than $3 million.

When I first told them the sales price, they said: "That's robbery. We won't pay it."

I told them we had made that site very valuable. It was only a block from where we were going to put up a big, new building for Foley Brothers department store. Then I added:

"And the price is going up $50,000 a day."

They said, "We'll take it."

In 1945, Federated's net sales were $201 million; in 1965 they were $1.3 billion. What were the main factors leading to your phenomenal 20-year growth, Mr. Lazarus?

Well, we believed, in the first place, that the country was growing and would continue to grow.

Secondly, we believed that taking millions of men and putting them largely in the South to train, because the weather was much better there for year-around training, was going to create later a demand among them for the warmer climates, in the West, the Southwest and the South.

We wanted to get representation there as rapidly as we could.

The retail business is dependent upon being in the places where the people are and where they are going to be.

Now, starting a new store from scratch in a community is more difficult than if you buy an existing store.

So generally we were looking for stores to buy in the warm weather belt.

That's what took us to Houston with Foley's; to Dallas in 1951 with Sanger's and 10 years later with the A. Harris Co.; to Miami in 1956 with Burdine's and to Memphis three years later with Goldsmith's. And, of course, that's what took us to California in 1964 with the affiliation of the Bullock's-Magnin stores. We also acquired the Boston Store in Milwaukee in 1948 and Rike's in Dayton in 1959—we were anxious to have Rike's because of the quality of the management, having known Dave Rike since he was a little boy and esteeming him very, very highly. But our expansion generally has been to the South and Southwest.

Federated followed the sun?

That's what we have been doing, and we think we are right.

What services did Federated offer its stores after you made the big change in 1945?

Well, the services we offered were those we have always believed necessary for the successful operation of the company.

For one thing, we set standards and goals, with the participation and agreement of the person who was to achieve them, and then helped him do the job. Then we brought the finances together for the first time.

There was a great deal of money to be saved by handling our money collectively. And by handling our insurance and taxes together.

Also, I was particularly confident that none of Federated's stores, including F. & R. Lazarus to a certain extent, could study sufficiently all the information that was available on how they could improve their operations. And the reason was that management simply did not have the time to study all this and sell, too.

We corrected this with what I call our "on the wall" technique. This is how it works:

Department stores are the greatest producers of figures in the world. They almost rival the federal government.

So we started a small research department that did nothing but compare various operations within stores and find the store that was accomplishing that operation best.

Then we would go to the other stores, put our findings up on the wall before the top management and let them compare what this good store was doing with what their own operation was doing. This "on the wall" technique was simple but very effective. We use the same technique today.

For instance, most stores in the beginning didn't study the need of salespeople at different hours of the day. One of our stores did.

It found that it could use a lot of part-time salespeople. Many women, for instance, are delighted to work short hours while their children are in school—but can't work a full day.

They might work from 11 a.m. till 3 p.m. which is a difficult time to man any store.

Well, we became familiar with this method and passed the information on to other Federated stores.

This "on the wall" comparison technique applies to dozens of things—the way you lay out a store, for example.

We learned, and we learned the hard way, that it is much easier and much less expensive to move customers than it is to move merchandise—once it's in your store. You ought to place merchandise only once and then it ought to go to the customer, either directly by handing it to them or by sending it out on a delivery.

Well, if you do that, you have to build your store entirely differently than all department stores had been built up to that time.

At the F. & R. Lazarus store in Columbus we developed the idea of perimeter stockrooms where the reserve stock of an item is directly behind a partition from the forward stock. Then a salesperson can very easily fill in items, as they are sold, from the perimeter supply.

You don't have to have a lot of stockroom help; you don't have to phone to another place to get stock; and you can reorder merchandise more quickly because you know that your total stock of a particular item is all in one place. All this helps cut your costs by eliminating needless work.

When Federated began its twenty-year expansion program, many economists were warning that the country was going to have a severe post-war slump, weren't they?

I never believed that. I remember that I took the position during the war that the savings people

were building up were gigantic. They were all in bonds, and the people were going to be hungry for merchandise after the war. I was sure that the retail business was going to be enormous.

I remember two or three debates with individuals who had the opposite point of view. I believe we were going into a big boom instead of a bust. I happened to guess right, that's all.

But you didn't have much company, did you?

I didn't have too much. Several times in my life I haven't had too much company.

But I have usually not been afraid to follow my own judgment—or talk about it.

Mr. Lazarus, weren't you the one who persuaded President Franklin Roosevelt to change the date of Thanksgiving to help the economy.

Well, I had a good bit to do with it. It was during the Depression. Thanksgiving was celebrated the last Thursday of the month. When it fell on Nov. 29, 30 or 31, it meant really that there were only three weeks of selling between that day and Christmas, since Christmas business doesn't begin until after Thanksgiving.

So I came down to Cincinnati—I was president then of the Ohio Council of Retail Merchants—and we had a chap there who was very able, George Sheridan. I said to him, "George, I think we ought to try to get Thanksgiving set permanently for the fourth Thursday of the month, not the last."

He said, "You can't. It's a religious holiday."

I said, "I don't think it is."

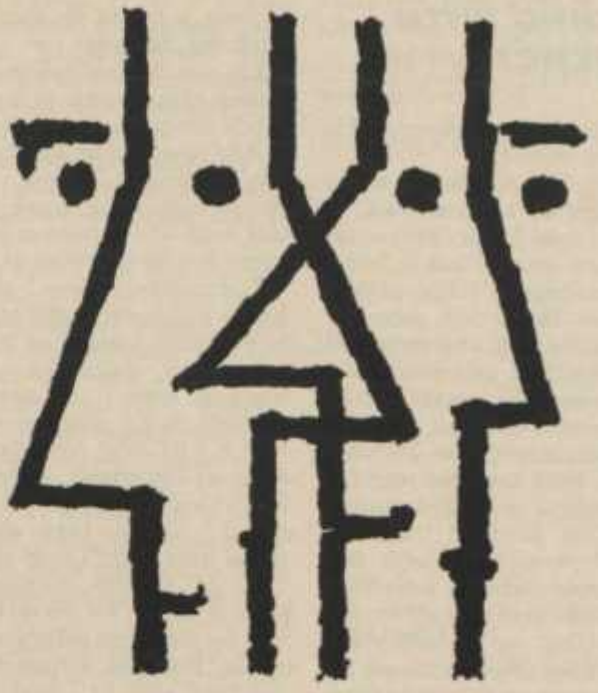
So we looked back over the records and found that Thanksgiving had bounced all over the calendar. It had been observed in the spring, as well as in the fall. It had been the last Thursday of November for only about 30 years.

At a dinner here in Cincinnati I saw Bill Wiley, publisher of *The Cincinnati Enquirer*.

I said, "How would you like to have a half interest in changing Thanksgiving to the fourth Thursday in November. It will increase your advertising, and it will do the whole economy a great deal of good."

He said, "I'd be delighted—if it isn't too expensive."

We financed Sheridan and sent him down to Washington, and the matter was put up to the President. He liked it. He liked anything



NO TWO ALIKE

Amazing when you think of it, isn't it! There just aren't two of anything exactly alike . . . snowflakes, fingerprints, people. The list is endless.

It makes our world a more interesting place to live in . . . gives us the opportunity to be selective and even helps a person to maintain his individuality. And yet, many of us strive towards common goals . . . success . . . recognition . . . not only in our private lives, but in business as well.

All of us need fresh ideas and a lot of "know-how" to move ahead. Your trade or professional association can keep you in-the-know and out in front of the competition.

Active participation in your association can be an important success factor for you and your business. And know something, there are literally thousands of trade and professional associations and no two exactly alike.

PETE PROGRESS

Speaking for the local chamber of commerce in your community

EXPANDING WITH CONFIDENCE *continued*

that would help the economy. He said he'd take care of it.

We said, "Well, now, that's grand, but let us have a week at least before you break the news. We might just as well get a favorable reaction from all the editors and not have them call you any names about it, and give you full credit for what you are doing."

Well, President Roosevelt didn't. The night he announced it we were having dinner at my son Ralph's. He had just been married and his wife was cooking her first dinner for us. We sat down at the table when the telephone rang with this news, and I never left the telephone from then until one o'clock in the morning, calling up retailers all over the United States to get to their newspapers and their editors to praise President Roosevelt for this.

It didn't go badly at all. It interfered with a few football schedules. My older brother, Simon, was a great football fan, and I had forgotten to discuss this with him. About a week after the announcement he said to me, "What damn fool ever thought about this kind of a thing and balled up every football game in the country?"

But it's worked out all right.

How about the job ahead? What is the future for the big department stores? Can they lick urban decay and suburban sprawl?

Oh, I think that what is going to happen is pretty clear. The urban areas are going to show almost all of the population growth that the country will have. And the city is the department store's meat.

The opportunity will be here for us, and I think we have the kind of staff and organization that will be able to capitalize on it.

As for urban decay, good citizenship as well as good business requires us to play leading roles in everything that helps rebuild and revitalize the city.

My son Ralph was chairman of the Committee for Economic Development (CED) on financing better public schools, and he is now chairman of the CED group studying what the future goals should be to create a better life in the country's great metropolitan centers.

You never lick these problems completely, but you have to keep fighting.

Is there a future for the small retail store, Mr. Lazarus?

Oh yes, future galore. Small retailers are coming in by the thousands every year.

And they have great opportunities. The small store always has the advantage of more direct contact with the customer, and it can specialize in any way it desires.

I remember when I first saw, in Paris, goods arranged all according to one size, instead of according to price, how impressed I was. And when we tried it at Lazarus we discovered many more women would buy a $10 slip, for example, than we ever imagined, once they saw the expensive item in their size group. When they shopped by price, they hadn't seen these things.

So if I were starting a small store I think I'd have three shops side by side, one selling only size 10 goods, the next selling size 12 and the next size 14. And I'll bet I'd clean up. You can do good business—and it is being done today—in specializing in clothes for tall folks, for large men, for small ladies and so on. And there are almost endless opportunities in selling services instead of merchandise.

I think it would be great fun to be starting over in retailing today.

Why is the headquarters for this billion-dollar corporation, Federated Department Stores, in Cincinnati?

I guess for the reason that I wouldn't live in New York because I am a small-town guy.

Do the 13 divisions and the 88 stores in Federated still have a lot of local autonomy?

Oh yes, they have a great deal of local autonomy. They must have. Just think about our situation. We have about 250 or 260 people in central headquarters. They are most of them specialists with real ability in particular lines. In the past year we sent 150,000 W-2 reports to the Internal Revenue Service. Each report meant one person. That means there were 150,000 people working for the stores during the year.

How are 250 people going to tell 150,000 people what to do? We admit we may be smart here, but we are not that smart.

What are the qualities that make a good merchant?

Know what the customer wants, see that he gets it, and see that he's satisfied with it. What a good merchant does is sell—and if he can't sell, or is ashamed to sell, or regards it as beneath him, there's no point in his going to business school to specialize in something called retailing. Selling is the heart of it, and satisfying the customer is the heart of that.

I like to say that a shopper is like a baby who wants milk.

When he cries for milk, he doesn't want a milk ticket. He doesn't want an argument or an excuse. He wants warm milk that is right for him—and he wants it at once.

It's our job to make him happy.

My father and Uncle Ralph had a little elevated office from which they could see the whole store—if someone wasn't being waited on. In the ceiling and the wall were narrow mirrors from which they could see the entire store, and spot any customer who wasn't being waited on. They would be out of there in a flash.

Every time we made an adjustment at Lazarus, my older brother Simon wrote every customer asking if the adjustment was entirely satisfactory.

We can only grow and prosper if we make our stores the place the customer wants to come to first, and so satisfying, when she does come, that in the future she says, "I may as well go to Lazarus—or Foley's—or Burdine's—because I'll wind up going there anyway."

You might sum up the secret of retailing in the phrase, "If you don't have it, get it; if you do have it, get rid of it."

What makes a good executive in your business?

The same qualities that make a good executive of any kind. First, the disposition to work. Second, to know about the merchandise one is handling. Then, as one's responsibility gets larger, to have the kind of personal relations with the people around you that make them eager and happy to cooperate to get the results you want.

A good executive recognizes a good job and pats a person on the back. And he recognizes a bad job and puts the person responsible over the coals—when it's important. Not to do either is a great mistake. They both need to be done and done continually.

Then, above all, you have got to be curious as to what makes the whole business tick and have the ambition and desire to fight to get to a place of more responsibility.

How about returns of merchandise? Are they one of your big problems?

Sometimes we are taken; no doubt

about that. For instance, the woman who had bought a fur coat at F. & R. Lazarus. Her husband came in three years later and said their dog had been killed and his wife hadn't been able to wear this fur coat since without becoming hysterical. He wanted to know if we would take it back.

"Well, what do you think we ought to do?" we asked.

"I think you ought to give us our money back," he replied.

We did.

That's an extreme, and it's unfair, but most people are very fair.

My father used to say that we spend a good deal of money to get a new customer into the store, and nobody on our side has the ability to judge what creates satisfaction for that customer. The thing to do, he said, is to leave what is fair up to the customer. It would be much cheaper to settle that way and keep the customer than to lose him and have to advertise for a new customer to replace him. And he was 100 per cent right. That still is mighty good department store policy.

Do you still keep a sharp eye on costs?

Always. You can never relax on that. My father taught me a cute little lesson about that. He was in Europe when we had our first $10,000 day at F. & R. Lazarus in Columbus. I was so proud I sent him a cable to break the news. He sent me congratulations but he did not cable them. He wrote me, saying that he too was very proud and added, "But couldn't you have written and not spent the money for a cable?"

What do Federated stores strive for in the community, Mr. Lazarus?

We try to be very good citizens. We know that the better the community, the better our opportunity to improve our sales. We can try very hard, but if a community is going to the dogs, that's a tough place to have a growing and a successful business.

Haven't you also done a lot of public work?

Sure, all of us have. I was one of two men who started the Community Fund in Columbus. We got the big money for it for a number of years and we believe in it.

When I organized the Ohio Council of Retail Merchants, it was the first time that retailing was getting state laws with regard to minimum wages, social security and a lot of other things. A lot of retailers didn't believe we should have any of that. But I believed they were good, and that retailing ought to be decent and respectable enough to support it.

But I believed they ought to be the kind of laws that would be fairly administered and under which we could live.

The Ohio Council of Retail Merchants helped draft the social security law for Ohio. It helped draft the sales tax law for Ohio.

One could take the dog-in-the-manger attitude, get along without the revenue. That meant that we would have bad schools, bad service, not anything like the kind of government that we should have.

And I said, "That's no good for retailing. We want a good city, and therefore, we must have good government."

Retailing also is going to have to help make over these city governments into county governments or a metropolitan form of administration.

So local communities can handle their local problems?

Right. And retailers of the right kind must help to do this.

What would you say was the most important turning point in your own career, Mr. Lazarus?

When I quit college and went to work with my father.

Were you a pretty good student?

Yes, I had five straight A's.

The president of the university, who was a good friend of mine, said I had the distincton of being the only straight A dropout he knew.

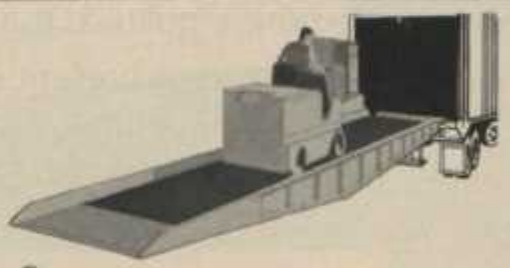
I said I thought it was a good idea to quit while I was ahead.

But working with Father from 1903 until the time of his death in 1917 was really a remarkable privilege. He was a wonderful man. He delegated a great deal of authority to us but told us about our shortcomings.

What is the most useful executive skill your years in business have taught you?

To get the facts, and be sure you know the facts before making any important decision. There is always a great danger of confusing memory with wisdom, of thinking because a situation is superficially similar to something you decided 20 years ago, the same answer will work. I make almost a fetish of getting the facts. Then one is prepared to discuss situations, advise about them

the dock that goes to any job





The Aluminum Mobile Yard Ramp that spots loading operations exactly where you want them . . . goes where it's needed, when it's needed. Allows maximum advantage in the use of power trucks and man-power. Solves high-cost handling problems caused by crowded dock space, scattered building and permanent ramp sites. Helps eliminate unnecessary demurrage. Actually pays for itself!

Copperloy CORP.

13120 Enterprise Ave., Cleveland, Ohio 44135

COPPERLOY CORPORATION, Dept. BW-3
Please send information on:
☐ Aluminum Mobile Yard Ramp
☐ Aluminum Dock Boards
☐ Aluminum Bridges ☐ Aluminum Walk Boards

Name_____
Title_____
Address_____
City_____ State_____ Zip_____

HOW TO ORGANIZE A POLITICAL FUND-RAISING DRIVE IN YOUR BUSINESS

To run for public office these days costs money. Both political parties, therefore, need campaign funds for their candidates.

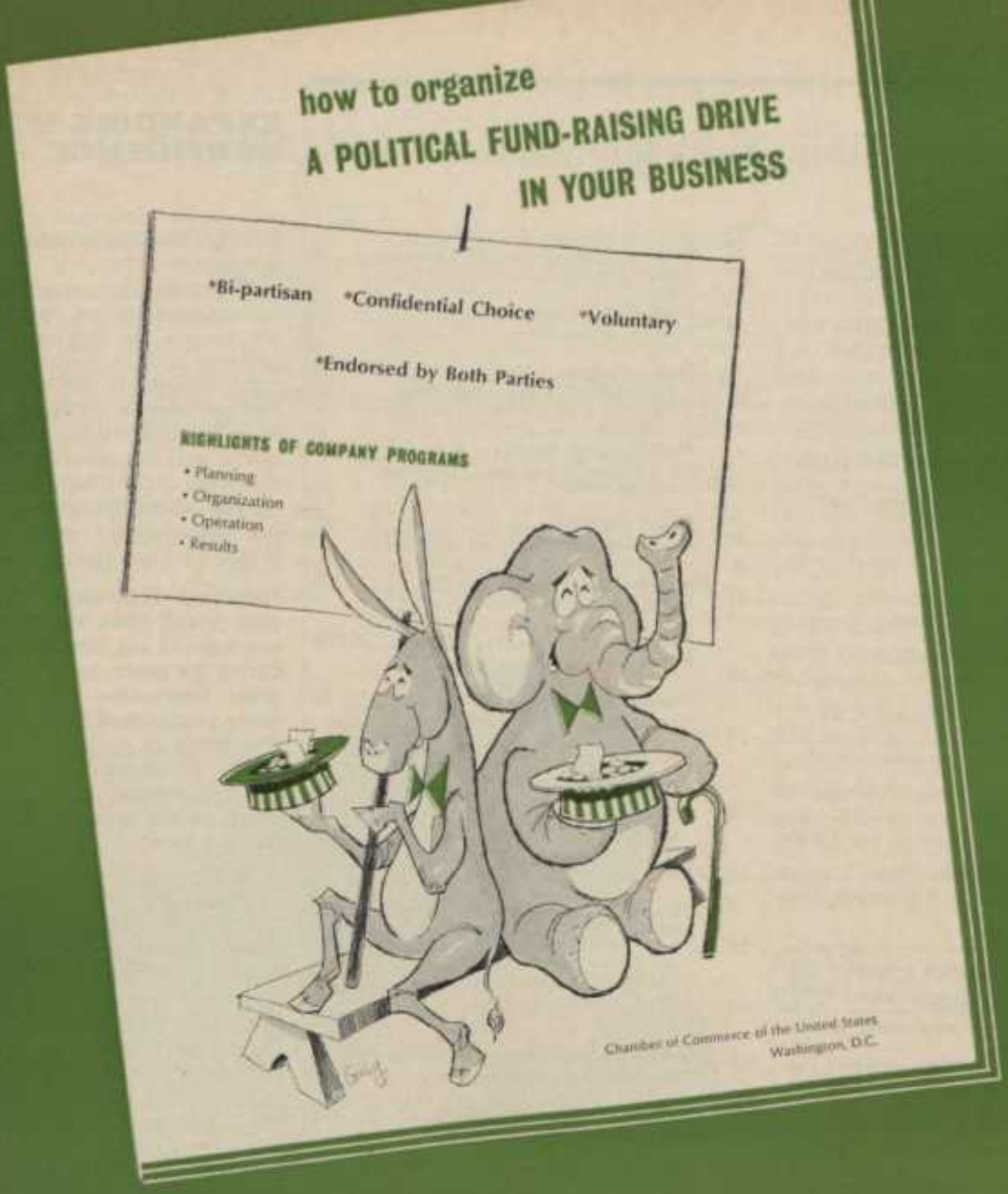
These funds must come from individuals on a broad base, from men and women who are employed and who have an income, and who want to exercise their citizenship responsibility for good government.

As a useful guide to you, as an employer, in launching a political fund-raising drive—or in improving your present methods in this direction—the National Chamber has published a new 32-page booklet called, "HOW TO ORGANIZE A POLITICAL FUND-RAISING DRIVE IN YOUR BUSINESS."

This booklet shows you how to make sure that your fund-raising drive will be: bipartisan, voluntary, confidential, well accepted by your employees, and supported by both parties.

It outlines and illustrates successful political fund-raising programs now being used by business firms, large and small. The price of this booklet is $1 a copy. Send your order to:

CHAMBER OF COMMERCE OF THE UNITED STATES / WASHINGTON, D.C. 20006



CHAMBER OF COMMERCE OF THE UNITED STATES
Washington, D.C. 20006

_____, 1966

Please send me_____copies of the booklet,
"How to Organize a Political Fund-Raising Drive
in Your Business," at $1 a copy.

☐ Check for $_____is enclosed ☐ Send bill

Name_____Title_____

Firm or Organization_____

Street Address_____

City, State & Zip Code_____

Advertisers in this issue • July 1966

	Page
Addressograph Multigraph Corp. *The Griswold-Eshleman Company, Cleveland*	29
Air Express, Division of REA Express *Ketchum, MacLeod & Grove, Inc., New York*	9
Allstate Insurance Companies *Leo Burnett Company, Inc., Chicago*	22
American Telephone & Telegraph Co., Yellow Pages *Cunningham & Walsh, Inc., New York*	1
Atlantic Steel Company *Lowe & Stevens Advertising, Atlanta*	12
Burroughs Corporation *Campbell-Ewald Company, Detroit*	61
Chamber of Commerce of the United States	88, 89
Chevrolet Motor Division, GMC, Auto Fleet *Campbell-Ewald Company, Detroit*	13
Coast Federal Savings and Loan Association *Curt Advertising Agency, Los Angeles*	70
Commercial Credit Corp. *VanSant, Dugdale & Company, Inc., Baltimore*	30
Continental Insurance Companies *Doyle Dane Bernbach, Inc.*	26
Dust-Tex Company *George & Glover Advertising, Atlanta*	14
Ebco Manufacturing Company, The *Meldrum & Fewsmith, Inc., Cleveland*	17
Firestone Tire & Rubber Company *Campbell-Ewald Company, Detroit*	6
Ford Motor Company, Trucks *J. Walter Thompson Company, Detroit*	42
Friden, Inc. *Richard N. Meltzer Advertising, Inc., San Francisco*	16
GMC Truck & Coach Division, General Motors Corporation *McCann-Erickson, Inc., Detroit*	66, 67
Goodyear Tire & Rubber Co., The *Tatham-Laird & Kudner, Inc., New York*	46, 47
Graphic Systems, Inc. *Cascell Advertising Agency, Fayetteville, N.C.*	64
Haverhill's *Kadeemah Associates, San Francisco*	53
International Harvester Company, Institutional *McCann-Erickson, Inc., Chicago*	51
International Harvester Company, Motor Truck Division *Young & Rubicam, Inc., Chicago*	3rd cover
Kaiser Jeep Corporation *Compton Advertising, Inc., Toledo*	2nd cover
Lathem Time Recorder Company *George & Glover Advertising, Atlanta*	53
Lyon Metal Products, Inc. *Reincke, Meyer & Finn, Inc., Chicago*	49
McBee Systems, Division of Litton Industries *West, Weir & Bartel, Inc, New York*	57
Middle South Services, Inc. *Knox Reeves-Fitzgerald Advertising, New Orleans*	10
Mobil Oil Company *Doyle Dane Bernbach, Inc., New York*	15
Moore-McCormack Lines, Inc. *J. S. Fullerton, Inc., New York*	56
National Cash Register Company *McCann-Erickson, Inc., New York*	25, 56
National Truck Leasing System *Stevens-Kirkland-Stabelfeldt, Inc. Chicago*	56
New York Life Insurance Company *Compton Advertising, Inc., New York*	11
New York State Department of Commerce, Industrial Division *Batten, Barton, Durstine & Osborn, Inc., New York*	50
Olivetti Underwood Corporation *Ketchum, MacLeod & Grove, Inc., New York*	72, 73
Otis Elevator Company *Tatham-Laird & Kudner, Inc., New York*	52
Oxford Filing Supply Company, Inc. *Geer, DuBois & Company, Inc.*	65
Pennsylvania Power & Light Co. *Direct, Allentown, Pa.*	12
Pitney-Bowes, Inc. *de Garmo, Inc., New York*	21
Republic Steel Corporation, Manufacturing Division *Meldrum & Fewsmith, Inc., Cleveland*	59
R. J. Reynolds Tobacco Company, Tempo Cigarettes *William Esty Company, Inc., New York*	4th cover
Southern Company, The *Liller, Neal, Battle & Lindsey, Inc., Atlanta*	4, 5
Western Electric Company *Cunningham & Walsh, Inc.*	91

Regional Advertisements

American Trucking Associations, Inc. *The Allman Company, Inc., Detroit*	75
Copperloy Corporation *Nelson Stern Advertising, Cleveland*	87
Long Island Lighting Company *Kelly, Nason, Inc., New York*	76
Olympia Typewriter Division Inter-Continental Trading Corporation *Mann-Wesley, Inc., New York*	75

EXPANDING WITH CONFIDENCE *continued*

and make decisions if necessary. Prompt decision-making is very important.

When the store was small, I was a continual figure bug. I would try to get the figures that would indicate certain weaknesses or certain strengths in our operation, and find out what to do about them. We have to do the same thing now. It works well for anyone. It's the way to grow. And it's basically rather simple—strengthen the things you are doing right, and change the things you are doing wrong.

Federated Department Stores have gone ahead when most cautious advisers would say slow down—in 1907, during the panic; in 1930, during the great Depression; in 1945, when many people were saying the country was going to go into a bust, not a boom. It reminds me of J. P. Morgan's statement: Don't sell America short. Is this the same basic philosophy you have?

Well, yes, or maybe I am just plain foolish.

My basic philosophy, I guess, is that whatever one is doing, one can always do better. There isn't a thing that we do in Federated today that couldn't be improved. There are always better ways of doing anything.

All you can do continually is to try to get people to raise their sights, year after year. Then higher standards necessarily follow.

Our job is never really finished because we must constantly try to improve it.

Research is our biggest single operation at headquarters. Its staff is constantly engaged in studying the customer's wants, probing not only into what she wants to buy, but also where, and when, and how she prefers to shop, and why she prefers these shopping patterns. Our challenge is to make shopping faster, easier, more convenient and more pleasant. We must try to anticipate the customer's new tastes and changing preferences. It's an endless job—but it's also endlessly fascinating. **END**

REPRINTS *of "Lessons of Leadership: Part XIV—Expanding with Confidence" may be obtained for 35 cents a copy, $16 per 100 or $135 per 1,000 postpaid from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Please enclose remittance.*

One reason you can Direct-Distance-Dial today is that Western Electric is part of the Bell System.

Say you dial, directly, a number a thousand miles away. A path for your voice must be opened through mazes of wire and cable. It may leap miles by microwave, from tower to tower. It must be channeled through complex switching systems in Bell telephone company central offices.

And, if too many calls are being made along the same route, you may have to be switched halfway around the country to reach the one phone you want. It's all done in seconds. Automatically.

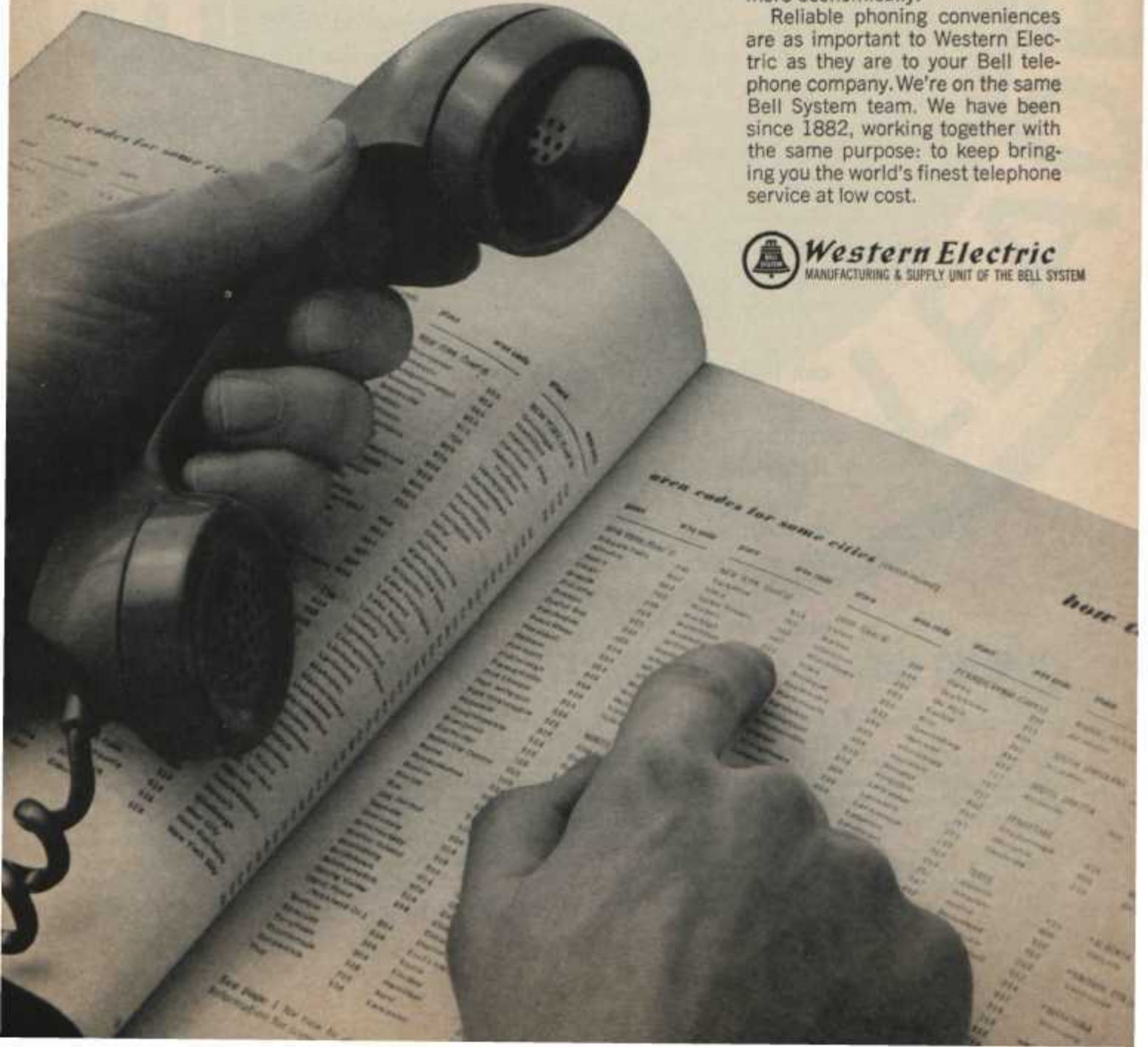
And it's done largely with equipment made and installed by Western Electric and operated by A.T.&T. and your local Bell telephone company. Equipment consisting of billions of parts, coast-to-coast, which all work together as a single machine—a machine called the Bell telephone network.

This machine gets a good workout. In 1965, some 4½ billion long distance telephone conversations took place. Which brings up a couple of interesting points. First, because Western Electric has uncompromising manufacturing standards, you can count on the reliability of your phone. Only the most dependable materials go into Bell telephones and equipment that interconnects them.

Second, there might be no such convenience as Direct Distance Dialing if Western Electric, for decades, had not been committed to the Bell System's goal of continually providing better, more versatile service. Close-knit planning, design, manufacture and operation give you new services faster — and more economically.

Reliable phoning conveniences are as important to Western Electric as they are to your Bell telephone company. We're on the same Bell System team. We have been since 1882, working together with the same purpose: to keep bringing you the world's finest telephone service at low cost.

Western Electric
MANUFACTURING & SUPPLY UNIT OF THE BELL SYSTEM



A NEW INDEPENDENCE

What do we mean by "life, liberty and the pursuit of happiness"?

Jefferson penned the words that summer in Philadelphia just 190 years ago. Then George Washington and his half-starved army of revolutionists won these unalienable rights for us after a bloody eight-year struggle.

But in today's welfare state, Uncle Sam takes from many to provide a subsidized good life for a few, winks while some take liberties with others' rights and property and serves up ready-made happiness prepackaged in Washington.

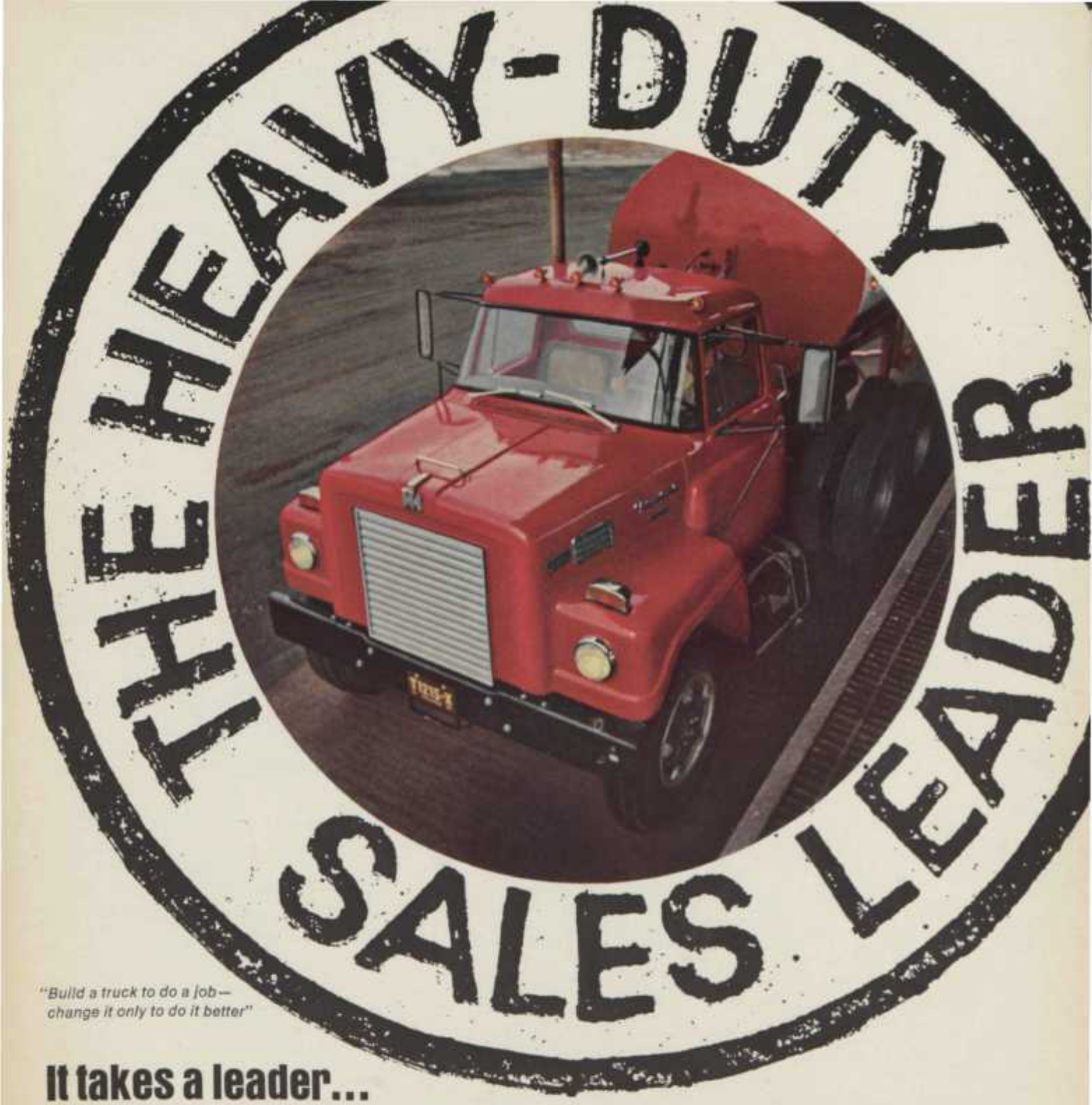
Somewhere along the line we've forgotten there can be no rights without responsibilities. The federal government has sought to give people many new rights, even freedom from work. At the same time, it has eliminated their responsibilities.

It is time for patriotic citizens to call for a new declaration of independence, an independence from Washington's Big Brother bureaucracy.

More Americans should be saying, "Give me liberty," not just "Give me, give me, give me."

Nation's Business • July 1966

MORE THAN 765,000 SUBSCRIBERS IN BUSINESS AND INDUSTRY



"Build a truck to do a job—change it only to do it better"

It takes a leader... to design every part of a FLEETSTAR® to save you money

There are a lot of lightweight components used in this INTERNATIONAL to trim excess pounds off the tractor.

Heat-treated steel frame rails eliminate several hundred pounds of frame reinforcements. The fiberglass hood and fender assembly slashes off even more needless pounds.

The 92-in. BBC cab lets you pull 40 ft. square-nosed trailers in 50-ft. legal limit states. It also gives you better load distribution and a shorter wheelbase. Which means easier handling and better maneuverability.

The roomy conventional cab makes for more driver efficiency. It has big visibility, easy-to-read gauges, flat-angle steering and comfortable seating.

Easy servicing offers more savings. Your mechanic simply tilts forward the hood and fender assembly and walks right up to the engine.

This is a lot of truck. And you can choose the power you need—including the new, compact, lightweight INTERNATIONAL DV-Series diesels, rated from 185 hp. to 210 hp.

Work out a deal for a FLEETSTAR with an INTERNATIONAL Dealer—listed in the Yellow Pages.

INTERNATIONAL® TRUCKS

INTERNATIONAL HARVESTER COMPANY • CHICAGO, ILLINOIS

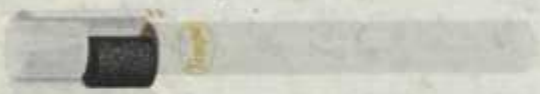
AGLEY MUSEUM AND LIBRARY



Times change. Tastes change.

I've changed too...to Tempo!

Sooner or later you'll probably want to try the taste of a charcoal-tip cigarette. So why not make it the one with the taste that makes the change worthwhile? Why not Tempo? Why not today!



U.S. PAT. 3,217,715

© 1964 R. J. REYNOLDS TOBACCO COMPANY, WINSTON-SALEM, N. C.